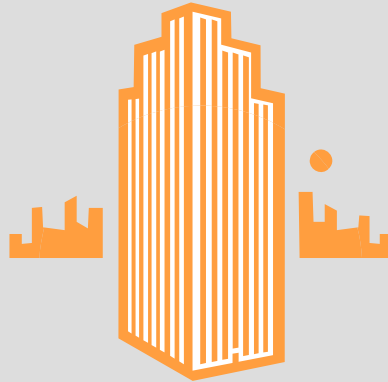


# Purchase of District Office



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# Options:

- Purchase with full Bond  
(All money borrowed over 20 years)
- Purchase with District Funds and Bond  
(Mix and Match:  $\frac{1}{2}$  from district fund balance,  $\frac{1}{2}$  from borrowing)
- Purchase with Fund Balance only  
(No Borrowing)

# #1 Purchasing with Bond

## Recommendation #1 (1,940,000)

### Pro's

- Full reserve recommendation maintained
- Utilizing capital reserves will allow for continued capital improvements with full 63.5% STATE AID (similar to Excel), resulting in more capital work.. (Multiplying the tax payer dollar)
- Maintains all reserve recommendations
- Maintains capital reserve
- Provides strongest financial foundation of reserves
- Significant savings already inherent, from where we are, 3.5 million dollars over the life of the loan. Already, fiscally prudent. Positive vote will provide a tax and budget decrease.
- Builds Equity in district/ownership
- Improves our bond rating/credit rating by exercising borrowing and maintaining the full amount of reserve recommendation

# Pro's cont'd

- Several future budgets will benefit
- Increased credit rating will save us much more money on future bonds through better loan rates.
- Public will be better off in long run by avoiding spikes and dips in the TAX Levy/ Budget Increase.
- Reserves help to stabilize budget/ TAX increases
- Gets us closer to where we need to be more quickly
- Improves cash flow eliminating need for: Tax Anticipation Notes, TAN, (loans over the summer) Permits tax collection structure to assist community by creating installments over the tax collection period. September, October, November payments, instead of all at once
- Helps to provide an expenditure stabilizer
- Interest earned in reserve accounts is reinvested back into the reserves to increase available funds
- Only one of the recommended reserves requires a VOTE (Capital Reserve)
- Public will be willing to vote on a capital reserve if they understand there is no TAX impact and we can take advantage of AID.
- No TAX increase on this purchase
- No negative budget impact on this purchase

# #1 Purchasing with Bond

## Recommendation #1 (\$1,949,000)

### Con's

- Payment of interest/principal
- Capital reserve requires public vote to establish and a vote again to use
- Public may be less happy

#2 Bond and District Contribution  
(\$970,000 each)  
Recommendation #2

## Pro's

- Some reserves will still be created
- Future opportunities may exist to build up other reserves
- Reduced principal and interest payments
- Gives back some fund balance to the taxpayers immediately

## B. Bond and District Contribution (\$970,000 each) Recommendation #2

### Con's

- Reduces/minimizes reserve recommendations
- Could be confusing to the taxpayer, jeopardizing the passage of phase 2B
- Decreases fund balance
- Decreases bond rating; credit rating increase likely diminished
- Capital projects 2 C, D, and E interest rates will be higher.
- Provides a short term decrease to the taxes and budget that may not be noticeable to the public.
- Less interest earned due to decrease.
- Uses up partial reserve recommendation
- Diminishes the chances of bringing economic stability to the district
- May be a one-time-only opportunity that we may waste. Less stabilization in TAX Levy and budget increases
- Capital reserve is eliminated

# #3 District Purchases Building (No Bond) Recommendation 3

## Pro's

- Budget/ TAX Levy decrease due to paying out right for the building
- Future opportunities may exist to build up other reserves
- No principal and interest payments
- May satisfy public

# C. District Purchases Building (No Bond); Recommendation 3

## Con's

- Uses up majority of the reserve recommendation
- Diminishes chances of maintaining fiscal stability
- Decreases fund balance
- Loss of needed fiscal foundation and long term stability
- May be a one time only opportunity to invest for the long term
- Capital reserve opportunity is eliminated
- Loss of stabilization in TAX Levy and budget increase's
- Decreased Bond rating/credit rating
- Taxpayers may not recognize that this will have no cost; passage not assured
- Tax anticipation note's (TAN's) may occur due to the fact that cash flow will be diminished
- Capital Projects 2 C, D, and E interest rates will be higher, since bond rating might not improve.

# Questions and Answers

