

Senators Ourada and Olson introduced--

S.F. No. 132: Referred to the Committee on Finance.

1 A bill for an act
2 relating to education; authorizing a fund transfer for
3 Independent School District No. 883.
4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
5 Section 1. [ROCKFORD; FUND TRANSFER.]
6 Notwithstanding Minnesota Statutes, sections 123B.79,
7 123B.80, and 475.61, subdivision 4, Independent School District
8 No. 883, Rockford, on June 30, 2005, may permanently transfer up
9 to \$660,000 from its debt redemption fund to the undesignated
10 balance of its general fund without making a levy reduction.
11 [EFFECTIVE DATE.] This section is effective the day
12 following final enactment.

Fiscal Note – 2005-06 Session

Bill #: S0132-0 (R) **Complete Date:** 02/10/05

Chief Author: OURADA, MARK

Title: ISD# #883,; PERMANENT FUND TRANSFER

Fiscal Impact	Yes	No
State	X	
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
General Fund			219	48	0
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund			219	48	0
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund			219	48	0
Total Cost <Savings> to the State			219	48	0

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

This bill allows Independent School District No. 883, Rockford, on June 30, 2005, to permanently transfer up to \$660,000 from its debt redemption fund to the undesignated balance of its general fund without making a levy reduction.

Assumptions

Clarification is required in the bill language, as M.S. 475.61, subd. 4, applies to surplus funds in the debt service fund when all long-term obligations have been paid. This is not the case of the Rockford school district. M.S. 475.61, subd. 3, provides authority to the commissioner to reduce debt levy authority if the district has funds available in the fund balance to use in meeting annual payments of principal and interest on long-term debt.

On June 30, 2004, the district had a debt redemption fund balance of \$940,038.91 and the undesignated general fund balance is \$927,278.98. The debt service fund balance increased by \$752,456 from June 30, 2003 to June 30, 2004 largely due to the sale of property with proceeds deposited to the debt service fund. M.S. 123B.51, subd. 6, governs use of proceeds of the sale of real property.

Excess debt service fund balance as of June 30, 2004 is used to reduce the debt service levy in the second coming year, as the fund balance will be used to support payment of principal and interest rather than using additional state and local revenue. Under current law, the district levy would decrease for the payable 2006 levy (FY 2007 revenue) and state aid for FY 2007 would decrease also.

District debt is supported by debt equalization revenue, which includes local levy and state aid components. For Rockford, FY 2006 debt service aid (tier 2 only) is \$503,952.29, and the levy for voter-approved debt is \$2,589,707. The payable 2005 (FY 2006) tier 2 debt service aid ratio is .48485 (the district does not qualify for aid at tier 1). Based on the preliminary 2004 ANTC and the FY 2004 adjusted pupil units, the FY 07 debt service aid ratio for tier 2 should be .40525125.

Debt levies are not subject to the early levy recognition (tax shift) under M.S. 123B.75, Subd. 5.

Expenditure and/or Revenue Formula

(in dollars)		Rate		
Transfer Amount			660,000	
FY 2007 Debt Aid Entitlement Increase	0.40525125		267,466	
Pay 2006 Local Levy Increase	0.59474875		392,534	
Debt Equalization Aid Increase		FY 2006	FY 2007	FY 2008
81.9% Current			219,055	
18.1% Final				48,411

Long-Term Fiscal Considerations

This is one-time state cost and local levy increase.

Local Government Costs

This bill will increase the local debt service by a maximum of \$392,534 for the payable 2006 levy.

Agency Contact Name: Kiesow, Bill 651-582-8801
FN Coord Signature: AUDREY BOMSTAD
Date: 02/10/05 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER
Date: 02/10/05 Phone: 296-6661

Fiscal Note – 2005-06 Session

Bill #: S0132-0 (R) **Complete Date:** 02/10/05

Chief Author: OURADA, MARK

Title: ISD# #883,; PERMANENT FUND TRANSFER

Fiscal Impact	Yes	No
State	X	
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
General Fund			219	48	0
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund			219	48	0
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund			219	48	0
Total Cost <Savings> to the State			219	48	0

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

This bill allows Independent School District No. 883, Rockford, on June 30, 2005, to permanently transfer up to \$660,000 from its debt redemption fund to the undesignated balance of its general fund without making a levy reduction.

Assumptions

Clarification is required in the bill language, as M.S. 475.61, subd. 4, applies to surplus funds in the debt service fund when all long-term obligations have been paid. This is not the case of the Rockford school district. M.S. 475.61, subd. 3, provides authority to the commissioner to reduce debt levy authority if the district has funds available in the fund balance to use in meeting annual payments of principal and interest on long-term debt.

On June 30, 2004, the district had a debt redemption fund balance of \$940,038.91 and the undesignated general fund balance is \$927,278.98. The debt service fund balance increased by \$752,456 from June 30, 2003 to June 30, 2004 largely due to the sale of property with proceeds deposited to the debt service fund. M.S. 123B.51, subd. 6, governs use of proceeds of the sale of real property.

Excess debt service fund balance as of June 30, 2004 is used to reduce the debt service levy in the second coming year, as the fund balance will be used to support payment of principal and interest rather than using additional state and local revenue. Under current law, the district levy would decrease for the payable 2006 levy (FY 2007 revenue) and state aid for FY 2007 would decrease also.

District debt is supported by debt equalization revenue, which includes local levy and state aid components: For Rockford, FY 2006 debt service aid (tier 2 only) is \$503,952.29, and the levy for voter-approved debt is \$2,589,707. The payable 2005 (FY 2006) tier 2 debt service aid ratio is .48485 (the district does not qualify for aid at tier 1). Based on the preliminary 2004 ANTC and the FY 2004 adjusted pupil units, the FY 07 debt service aid ratio for tier 2 should be .40525125.

Debt levies are not subject to the early levy recognition (tax shift) under M.S. 123B.75, Subd. 5.

Expenditure and/or Revenue Formula

(in dollars)		Rate		
Transfer Amount			660,000	
FY 2007 Debt Aid Entitlement Increase	0.40525125		267,466	
Pay 2006 Local Levy Increase	0.59474875		392,534	
Debt Equalization Aid Increase		FY 2006	FY 2007	FY 2008
81.9% Current			219,055	
18.1% Final				48,411

Long-Term Fiscal Considerations

This is one-time state cost and local levy increase.

Local Government Costs

This bill will increase the local debt service by a maximum of \$392,534 for the payable 2006 levy.

Agency Contact Name: Kiesow, Bill 651-582-8801
FN Coord Signature: AUDREY BOMSTAD
Date: 02/10/05 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER
Date: 02/10/05 Phone: 296-6661

Senators Dille and Kubly introduced—

S. F. No. 455 Referred to the Committee on Finance

1 A bill for an act

2 relating to education finance; authorizing a fund
3 transfer for Independent School District No. 2887,
4 McLeod West.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

6 Section 1. [FUND TRANSFER; MCLEOD WEST.]

7 Notwithstanding Minnesota Statutes, section 123B.79 or
8 123B.80, on or before June 30, 2007, Independent School District
9 No. 2887, McLeod West, may permanently transfer up to \$200,000
10 from its reserved operating capital account in its general fund
11 to the undesignated fund balance.

12 [EFFECTIVE DATE.] This section is effective the day
13 following final enactment.

DISTRICT: 2887-01 MCLEOD WEST SCHOOLS

06/30/04

01 GENERAL FUND

TOTAL REVENUE	3,733,664
TOTAL EXPENDITURES	3,338,713
RESERVED:	
403 STAFF DEVELOPMENT	26,842
406 HEALTH & SAFETY	24,551-
407 DOWN PAYMENT LEVY	
408 COOPERATIVE REVENUE	
409 DEFERRED MAINTENANCE	
410 REEMPLOYMENT INS.	180
411 SEVERANCE PAY	
412 BUS PURCHASES	
414 OPERATING DEBT	
415 REDUCE SOD-77	
416 LEVY REDUCTION	
419 ENCUMBRANCES	
423 CERTAIN TEACHER PROGRAMS	
424 OPERATING CAPITAL	468,545
426 \$25 TACONITE	
427 DISABLED ACCESSIBILITY	10,773
428 LEARNING & DEVELOPMENT	
429 PARENTAL INVOLVEMENT	
433 STUDENT TRANSPORT SAFETY	
434 AREA LEARNING CENTER	
435 CONTRACTED ALT. PROGRAMS	
436 ST. APPROVED ALT. PROGRAM	
437 GRAD STAND. STAFF DEV	
438 GRAD STAND. GIFTED & TALENT	
439 GRAD STANDARDS	
441 BASIC SKILLS PROGRAMS	
442 CLASS SIZE RED;ALL-DAY KGN	
443 TELECOMMUNICATION ACCESS	
445 CAREER & TECH PROGRAMS	
446 FIRST GRADE PREPAREDNESS	
UNRESERVED:	
418 DESIG. SEVERANCE-INS. PREM.	
420 UNDES S.O.D.-1977	
421 UNRESERVED SINCE SOD-1977	
422 UNRESERVED/UNDESIGNATED	183,181

02 FOOD SERVICE

TOTAL REVENUE	177,671
TOTAL EXPENDITURES	170,642
RESERVED:	
411 SEVERANCE	
419 ENCUMBRANCES	
UNRESERVED:	
418 DESIG. SEVERANCE-INS. PREM.	
421 UNRESERVED SINCE SOD-1977	
422 UNRESERVED/UNDESIGNATED	8,462

04 COMMUNITY SERVICE

TOTAL REVENUE	82,891
TOTAL EXPENDITURES	94,679

04 COMMUNITY SERVICE (CONT.)

RESERVED:	
410 REEMPLOYMENT INSURANCE	
411 SEVERANCE	
419 ENCUMBRANCES	
426 \$25 TACONITE	
431 COMMUNITY EDUCATION	2,155-
432 E.C.F.E	3,918
444 SCHOOL READINESS	530-
447 ADULT BASIC EDUCATION	
UNRESERVED:	
418 DESIG. SEVERANCE-INS. PREM.	
421 UNRESERVED SINCE SOD-1977	
422 UNRESERVED/UNDESIGNATED	17,332

06 BUILDING CONSTRUCTION

TOTAL REVENUE	
TOTAL EXPENDITURES	
RESERVED:	
407 DOWN PAYMENT LEVY	
409 ALTERNATIVE FAC. PROGRAM	
419 ENCUMBRANCES	
UNRESERVED:	
422 UNRESERVED/UNDESIGNATED	

07 DEBT SERVICE

TOTAL REVENUE	
TOTAL EXPENDITURES	
RESERVED:	
425 BOND REFUNDINGS	
UNRESERVED:	
422 UNRESERVED/UNDESIGNATED	

08 TRUST

TOTAL REVENUE	2,686
TOTAL EXPENDITURES	4,070
RESERVED:	
419 ENCUMBRANCES	
UNRESERVED:	
422 UNRESERVED/UNDESIGNATED	26,679

09 AGENCY

UNRESERVED:	
422 UNRESERVED/UNDESIGNATED	

20 INTERNAL SERVICE

TOTAL REVENUE	
TOTAL EXPENDITURES	
RESERVED:	
419 ENCUMBRANCES	
UNRESERVED:	
422 UNRESERVED/UNDESIGNATED	

1) FUND BALANCE	183,181
2) EXPENDITURES	2,988,547
3) SOD CALCULATION (1 / 2)	6.13 %

2002-03 Fund Balance (289,513)

2003-04 Fund Balance +183,181

Increase in the General Fund of + 472,694

Fiscal Note – 2005-06 Session

Bill #: S0455-0 **Complete Date:** 02/03/05

Chief Author: DILLE, STEVE

Title: ISD##2887; PERMANENT FUND TRANSFER

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalent					
-- No Impact --					
Total FTE					

Bill Description

This bill authorizes McLeod West School District #2887 to transfer up to \$200,000 from the operating capital account to the unreserved general fund balance.

Assumptions

M.S. 123B.79 provides restrictions for transfers between accounting funds. M.S. 123B.80 provides authority and standards under which the commissioner may approve a transfer between funds or accounts

M.S. 126C.10, Subd. 13 provides the funding formula for operating capital revenue and requires that the revenue be placed in a reserved account for uses specified in subdivision 14 of the same section.

As of June 30, 2004, District #2887 had an operating capital account balance of \$468,545.

The undesignated general fund balance as of June 30, 2004 was \$183,181.

This transfer will allow the district more flexibility in the use of funds.

Expenditure and/or Revenue Formula

No state cost.

Long-Term Fiscal Considerations

This is a one-time transfer.

Local Government Costs

None.

References/Sources

Agency Contact Name: Kubesh, Chris 651-582-8319
FN Coord Signature: AUDREY BOMSTAD
Date: 02/02/05 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER
Date: 02/03/05 Phone: 296-6661

Senator Vickerman introduced--

S.F. No. 829: Referred to the Committee on Finance.

1 A bill for an act

2 relating to education finance; authorizing a fund
3 transfer for Independent School District No. 584,
4 Ruthton.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

6 Section 1. [FUND TRANSFER; RUTHTON.]

7 Notwithstanding Minnesota Statutes, section 123B.79 or
8 123B.80, on June 30, 2005, Independent School District No. 584,
9 Ruthton, may permanently transfer up to \$140,000 from its
10 reserved for operating capital account to the undesignated
11 general fund balance.

12 [EFFECTIVE DATE.] This section is effective the day
13 following final enactment.

Fiscal Note – 2005-06 Session

Bill #: S0829-0 **Complete Date:** 02/23/05

Chief Author: VICKERMAN, JAMES

Title: ISD#584; PERMANENT FUND TRANSFER

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

This bill allows District 584 (Ruthton) to permanently transfer up to \$140,000 from its reserved for capital operating account to the undesignated general fund.

Assumptions

At the end of FY 2004, Dist 584 had a negative balance of \$18,344 in the undesignated general fund account. The capital operating account fund balance at the end of FY 2004 was \$366,847.87. It is assumed that the primary reason for the transfer is to remedy the deficit situation in the unreserved general fund account.

Expenditure and/or Revenue Formula

None. The proposed legislation is a transfer of existing school district funds from an operating fund to an undesignated fund.

Long-Term Fiscal Considerations

This is a one-time proposal.

Local Government Costs

None.

Agency Contact Name: Kubesh, Chris 651-582-8319
FN Coord Signature: AUDREY BOMSTAD
Date: 02/17/05 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER
Date: 02/23/05 Phone: 296-6661

RTR Public Schools

March 14, 2005

Senator Jim Vickerman
75 Rev. Dr. Martin Luther Blvd.
Room 226
St. Paul, MN 55155-1606

Dear Senator Vickerman:

Due to the lack of increases in the general education formula, small school districts are suffering financial distress and are unable to generate revenues necessary to provide a quality education to the students that they serve. In rural southwest Minnesota, we are experiencing a continued increase in costs and at the same time, declining enrollment. This situation directly impacts the dollars available for educating students.

In an attempt to provide a more well-rounded education, our district participated in a study funded by a grant. This study included seven area schools and was named the Buffalo Ridge Consortium. The goal of the study was to research ways to cooperate and/or consolidate with the area schools. The study explored ways to share staff, students, and buildings in attempt to provide a better education and reduce expenses. However, due to the large geographic area and the required infrastructure, it was determined that it would be highly unlikely to ever have the seven school districts come together into one consolidated district. Since the Buffalo Ridge study, the district is actively seeking and negotiating terms for a consolidation with two neighboring school districts.

Due to the fiscal distress of the district, we are asking for legislation to allow for the transfer of \$50,000 from operating capital reserve to the general education fund. We are aware that the transfer of these funds is only a temporary solution, but is a necessary step for the district at this time. In addition to the transfer, the district has already determined that additional funding will be required, and is currently drafting a plan to increase their referendum from \$500 to \$709. At the present time, administration is in the process of drafting a plan to maximize certified staff licensure, while meeting the requirements of No Child Left Behind. This plan will reduce overall expenditures and make staff reductions wherever possible, while still providing a quality education.

The ability to provide a quality education is of utmost importance to our district. According to the State Auditor's most current report, the Russell School District is in the top ten of the most efficient school districts in the state of Minnesota.

I appreciate your consideration of my request. If you have any questions, please feel free to contact me.

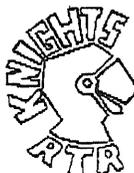
Sincerely,



Bruce Houck
Superintendent

Superintendent's Office
Financial Officer
PO Box 659
Tyler, MN 56178-0659
Phone 507-247-5911
Fax 507-247-3876

ISD No. 409
RTR High School
PO Box 659
Tyler, MN 56178-0659
Phone 507-247-5911
Fax 507-247-3876



ISD No. 418
RTR Middle School
PO Box 310
Russell, MN 56169-0310
Phone 507-823-4371
Fax 507-823-4657

ISD No. 584
RTR Elementary
PO Box B
Ruthton, MN 56170-000B
Phone 507-658-3301
Fax 507-658-3589

Senators Sams and Kelley introduced—

S. F. No. 864 Referred to the Committee on Finance

1 A bill for an act
2 relating to education finance; authorizing a fund
3 transfer for Independent School District No. 771,
4 Chokio-Alberta.
5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
6 Section 1. [FUND TRANSFER; CHOKIO-ALBERTA.]
7 Notwithstanding Minnesota Statutes, section 123B.79 or
8 123B.80, on June 30, 2005, Independent School District No. 771,
9 Chokio-Alberta, may permanently transfer up to \$150,000 from its
10 reserved operating capital account and up to \$50,000 from its
11 reserved account for disabled accessibility to the undesignated
12 general fund balance.
13 [EFFECTIVE DATE.] This section is effective the day
14 following final enactment.

Fiscal Note – 2005-06 Session

Bill #: S0864-0 (R) **Complete Date:** 03/14/05

Chief Author: SAMS, DALLAS

Title: ISD#771; PERMANENT FUND TRANSFER

Fiscal Impact	Yes	No
State		X
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalentents					
-- No Impact --					
Total FTE					

Bill Description

HF583 authorizes ISD 771, Chokio-Albertville to transfer up to \$150,000 from its operating capital reserve to the undesignated general fund balance, and to transfer up to \$50,000 from its disabled accessibility account to the undesignated general fund balance.

Assumptions

The decision to transfer will be based on the district financial condition at June 30, 2005. If the district is in violation of expenditure limits under M.S. 123B.81 prior to the transfer, the district will transfer funds to eliminate the debt and avoid completion of the required statutory operating debt plan.

As of June 30, 2004, the district had the following account balances.

Operating Capital	122,027
Disabled Accessibility	50,000
Undesignated General Fund	(26,670)
Undesignated Food Service	(7,659)

If the district notifies the Department of an excess amount in the disabled accessibility reserve, the levy limitations in the following year would be adjusted downward to reflect the excess amount, reducing taxpayer burden. Therefore, this bill would result in an increase in the Pay 2006 levy of \$50,000 compared to the amount that would have been authorized had the Department been made aware of the excess, with no special legislation.

Expenditure and/or Revenue Formula

None

Long-Term Fiscal Considerations

This is a one-time transfer

Local Government Costs

The district will have more flexibility in the use of funds. If the district chose to report the excess balance after completing all accessibility projects, property taxes would decrease by \$50,000 or a smaller amount if the district chooses to transfer a smaller amount.

References/Sources

Agency Contact Name: Bill Kiesow 651-582-8801
FN Coord Signature: AUDREY BOMSTAD
Date: 03/14/05 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER
Date: 03/14/05 Phone: 296-6661

Senators Frederickson, Vickerman and Kubly introduced--
S.F. No. 1251: Referred to the Committee on Finance.

1 A bill for an act
2 relating to education; authorizing a fund transfer for
3 Independent School District No. 418, Russell.
4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
5 Section 1. [FUND TRANSFER; RUSSELL.]
6 Notwithstanding Minnesota Statutes, section 123B.79 or
7 123B.80, on June 30, 2005, Independent School District No. 418,
8 Russell, may transfer up to \$50,000 from its reserved capital
9 accounts in its general fund to its undesignated fund balance.
10 [EFFECTIVE DATE.] This section is effective the day
11 following final enactment.

Fiscal Note – 2005-06 Session

Bill #: S1251-0 **Complete Date:** 03/14/05

Chief Author: FREDERICKSON, DENNIS

Title: ISD# 418; FUND TRASFER

Fiscal Impact	Yes	No
State		X
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

This bill authorizes District 418, Russell, to transfer at the end of the current fiscal year up to \$50,000 from the general fund capital accounts to the undesignated general fund balance

Assumptions

. The June 04 capital account balances are as follows:

Bus Purchase	19,277.86
Operating Capital	186,758.73
Health & Safety	413.63
Disabled Accessibility	7,893.33

The June 30, 2004 undesignated general fund balance is \$(23,418.38).

The current plans are to have a consolidation vote for Districts 418, 409 and 584 to consolidate on June 30, 2006.

This transfer is viewed as a temporary solution to the financial problems of District 418.

Expenditure and/or Revenue Formula

No state impact.

Long-Term Fiscal Considerations

None. This is a one-time transfer.

Local Government Costs

None

Agency Contact Name: Kiesow, Bill 651-582-8801
FN Coord Signature: AUDREY BOMSTAD
Date: 03/14/05 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: BRIAN STEEVES
Date: 03/14/05 Phone: 296-8674

Senator Frederickson introduced--

S.F. No. 1590: Referred to the Committee on Finance.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17

A bill for an act

relating to education; authorizing fund transfers for Independent School District No. 836, Butterfield.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. [BUTTERFIELD; FUND TRANSFER.]

Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, for calendar years 2005 through 2007, on June 30 of each year, Independent School District No. 836, Butterfield, may permanently transfer up to \$50,000 from its reserved operating capital account in its general fund to its undesignated general fund balance and \$60,000 from its reserved bus purchase account in its general fund to its undesignated general fund balance. The total amount transferred for the three-year period must not total more than \$50,000 from the reserved operating capital account and \$60,000 from the reserved bus purchase account.

[EFFECTIVE DATE.] This section is effective the day following final enactment.

Fiscal Note – 2005-06 Session

Bill #: S1590-0 **Complete Date:** 03/15/05

Chief Author: FREDERICKSON, DENNIS

Title: ISD# 836; PERMANENT FUND TRANSFERS

Fiscal Impact	Yes	No
State		X
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

This bill authorizes District 836, Butterfield, to transfer over a 3-year period, up to \$50,000 from the operating capital account and up to \$60,000 from the bus purchase account, to the undesignated general fund balance.

Assumptions

As of June 30, 2004, District 836, Butterfield, had the following account balances:

Bus Purchase Account	\$75,224.94
Operating Capital Account	294,077.83
Undes. General Fund Balance	(42,222.02)

Currently, the district is not in violation of the expenditure limitations, but is within \$3,000 of being in violation of Statutory Operating Debt requirements as of June 2004. The transfers authorized by this bill would give the district a little cushion if needed to keep from violating the expenditure limitations.

The district has recently made some financial improvements. The June 2003 undesignated general fund balance was \$(118,073). The FY 2004 adjusted ADM is 201.64.

Expenditure and/or Revenue Formula

None

Long-Term Fiscal Considerations

None

Local Government Costs

This bill will provide the district with greater flexibility in the use of funds.

Agency Contact Name: Kiesow, Bill 651-582-8801
FN Coord Signature: AUDREY BOMSTAD
Date: 03/15/05 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: BRIAN STEEVES
Date: 03/15/05 Phone: 296-8674

BUTTERFIELD-ODIN PUBLIC SCHOOL

Independent School District #836

Lisa Shellum, Superintendent/Principal K-12

Vonda Rinne – Dean of Students

PO BOX 189 -- 440 HUBBARD AVE, BUTTERFIELD MN 56120-0189 / PHONE (507) 956-2771 / FAX (507)956-3431

Senator Dennis Frederickson
Room 139 State Office Building
St. Paul, Mn.

Dear Senator Frederickson,

This letter is in response to a request from your office detailing how the Butterfield-Odin Public School will use the reserve dollars from our transportation arca. This transfer was formally in Senate file 90 from last year and is now being moved to Senate file 1251.

The district is in deficit spending and just came out of statutory operating in fiscal year 04. The district plans on using any transfer dollars to come out of deficit spending to a positive fund balance for fiscal year 05.

This money will only be used if the final cuts made for the 04-05 school year do not completely materialize as there were unexpected district costs during the school year.

The district does have a plan in place for new cuts which will generate positive dollars for fiscal year 06.

If you have any questions regarding this memo, please direct them to: Lisa Shellum – Superintendent of Schools Butterfield-Odin Public School. (507) 956-2771

Thank you for your time.

Sincerely,



Lisa Shellum
Superintendent of Schools

Senators Bakk, Tomassoni and Saxhaug introduced--
S.F. No. 1033: Referred to the Committee on Finance.

1
2
3
4
5
6
7
8
9
10
11
12
13

A bill for an act

relating to education; authorizing a fund transfer for
Independent School District No. 381, Lake Superior.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. [LAKE SUPERIOR; FUND TRANSFER.]

Notwithstanding Minnesota Statutes, sections 123B.79,
123B.80, and 475.61, subdivision 4, Independent School District
No. 381, Lake Superior, on June 30, 2005, may permanently
transfer up to \$940,000 from its debt redemption fund to the
undesignated balance of its general fund without making a levy
reduction.

[EFFECTIVE DATE.] This section is effective the day
following final enactment.

REQUESTING TRANSFER OF FUNDS FROM DEBT SERVICE INTO THE GENERAL FUND
LAKE SUPERIOR SCHOOL DISTRICT NO. 381

House File: 1132

Senate File: 1033

1.0 The Request

To enable Lake Superior School District No. 381 to transfer \$940,000 from Debt Service to the General Fund on a one-time basis.

2.0 What led to the accumulation of excess debt service funds in Lake Superior School District No. 381?

The money did not come from local property taxpayers. The District collected \$1,700,000 in premium and unused discount at the time of the bond sale in July 2002. In order to keep the local tax levy stable, the District levied local taxes for the first year's bond payment rather than spend the premium and discount for the first year's bond payment.

In addition, by law the District must levy 105% of bond payments annually to the debt service fund; this also has caused the debt service fund balance to increase.

3.0 Reasons for the transfer request:

Annual levy stability to local taxpayers is of utmost importance. Without permission to transfer these excess dollars our local tax levy would be greatly reduced for one year and, be restored the following year. The Board of Education and Administration would rather we maintain a stable levy from year to year.

4.0 Positive Outcome:

With approval of this transfer request, programs and staff will remain intact. Our goal is to provide the best education possible for our students by utilizing our financial resources in the best manner possible.

Fiscal Note – 2005-06 Session

Bill #: S1033-0 **Complete Date:** 03/15/05

Chief Author: BAKK, THOMAS

Title: ISD# 381; PERMANENT FUND TRANSFER

Fiscal Impact	Yes	No
State		X
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description:

S.F. 1033 allows District 381 (Lake Superior) to transfer \$940,000 from its debt redemption fund to the undesignated general fund without a levy reduction. The transfer would be exempted from the debt excess calculation.

Assumptions

The district issued bonds on July 1, 2002 based on a voter-approved question of \$37.3 million. The bond premium was an unusually high amount and appears to have violated M.S. 475.60, sub 1., which states in part, "(debt) obligations shall be sold at no greater than two percent of the amount authorized to be issued plus accrued interest." Bond counsel approved the bond issue.

Analysis conducted by Program Finance Staff at MDE concludes that settlement proceeds from the 2002 bond issue were disbursed to Dist 381 as follows:

<u>Building Construction Fund</u>	\$36,741,248.00
Accrued Interest	\$148,330.97
Capitalized Interest	<u>\$70,000.00</u>
	\$36,959,578.97
<u>Debt Service Fund</u>	
Premium & Unused Discount	\$1,712,406.48
 Total Bond Proceeds	 \$38,671,985.45

Dist 381's debt redemption fund balance at the end of FY 2004 was \$2,288,057. This large fund balance is partially due to a premium of approximately \$1.4 million on the 2002 sale of \$37.3 million in bonds and partially due to a Pay 2003 levy that was greater than the amount required for principal and interest payments when considering all sources of funds including levy, taconite bond payments, state aid, and the premium.

Under current law, MDE will reduce the Pay 2006 levy by the estimated debt excess amount of \$2.4 million and district taxpayers will pay lower taxes for the debt service fund in calendar year 2006. This excess equals approximately 82% of the amount the district levies annually to service principal and interest on debt. Allowing the district to transfer \$940,000 to the general fund will result in a levy reduction of approximately \$1.5 million or 50% of the annual levy paid by property owners for district debt.

Allowing Dist 381 to transfer and retain these funds may encourage other districts to structure bond refinancing at a premium (above market rate rates) to generate additional debt service revenue and/or state aid.

Expenditure and /or Revenue Formula

No state impact.

Long-Term Fiscal Considerations

It is assumed that this situation is a one-time occurrence for the Lake Superior School District.

Local Government Costs

If the debt service fund balance is reduced by \$940,000, the Pay 2006 debt excess reduction will be less by the same amount. As a result, the transfer would result in a debt service levy increase of \$940,000 on the Pay 06 levy.

In the absence of the proposed legislation, Dist 381's debt service levy would be reduced by the full amount of the calculated debt excess of \$2.4 million.

Agency Contact Name: Kiesow, Bill 651-582-8801
FN Coord Signature: AUDREY BOMSTAD

Date: 03/15/05 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER

Date: 03/15/05 Phone: 296-6661

Senator Kubly introduced--
S.F. No. 1361: Referred to the Committee on Finance.

1 A bill for an act

2 relating to education finance; authorizing a fund
3 transfer for Independent School District No. 2180,
4 M.A.C.C.R.A.Y.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

6 Section 1. [FUND TRANSFER; M.A.C.C.R.A.Y.]

7 (a) Notwithstanding Minnesota Statutes, section 123B.79 or
8 123B.80, on June 30, 2005, upon approval of the commissioner of
9 education, Independent School District No. 2180, M.A.C.C.R.A.Y.,
10 may permanently transfer up to \$230,000 from its reserved
11 account for handicapped access to its undesignated general fund
12 balance.

13 (b) Prior to making the fund transfer, Independent School
14 District No. 2180, M.A.C.C.R.A.Y., must demonstrate to the
15 commissioner's satisfaction that the district's school buildings
16 are accessible to students or employees with disabilities.

17 [EFFECTIVE DATE.] This section is effective the day
18 following final enactment.

Fiscal Note – 2005-06 Session

Bill #: S1361-0 **Complete Date:** 03/14/05

Chief Author: KUBLY, GARY

Title: ISD# 2180; PERMANENT FUND TRANSFER

Fiscal Impact	Yes	No
State		X
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

Allows ISD 2180 to transfer up to \$230,000 from the general fund reserved account for handicapped accessibility to the undesignated general fund balance. Prior to any transfer, the district must demonstrate to the Commissioner that the facilities and sites are handicapped accessible.

Assumptions

Based on information supplied by the MACRAY school district, the facilities and sites for are handicapped accessible, except for the front doors on the High School. The Department has not confirmed this. It should cost about \$20,000 to make the front doors accessible. Starting in 1992, the district has levied the total maximum authorized (\$450,000) for disabled accessibility. The June 04 balance in the handicapped accessibility account in the general fund is \$283,743.

If the district notifies the Department of an excess amount in the disabled accessibility account, the levy limitations in the following year would be adjusted downward to reflect the excess amount, reducing taxpayer burden. Therefore, this bill would result in an increase in the Pay 2006 levy of \$230,000, compared to the amount that would have been authorized had the Department been made aware of the excess, with no special legislation.

Expenditure and/or Revenue Formula

None.

Long-Term Fiscal Considerations

None. This is one time change impacting only one school district.

There may be additional requests from other districts to make similar transfers.

Local Government Costs

The school district would have more flexibility in the use of their general funds. If the district chose to report the excess balance after completing all accessibility projects, property taxes would decrease.

Agency Contact Name: Kiesow, Bill 651-582-8801
FN Coord Signature: AUDREY BOMSTAD
Date: 03/14/05 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: BRIAN STEEVES
Date: 03/14/05 Phone: 296-8674

Senators Kleis, Wergin and Fischbach introduced--
S.F. No. 1690: Referred to the Committee on Finance.

A bill for an act

relating to education; authorizing a fund transfer for
Independent School District No. 742, St. Cloud.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. [ST. CLOUD; FUND TRANSFER.]

Notwithstanding Minnesota Statutes, sections 123B.79,
123B.80, and 475.61, subdivision 4, Independent School District
No. 742, St. Cloud, on June 30, 2005, may permanently transfer
up to \$800,000 from its debt redemption fund to the reserved
operating capital account in its general fund without making a
levy reduction.

[EFFECTIVE DATE.] This section is effective the day
following final enactment.

Senator Fischbach introduced--

S.F. No. 1515: Referred to the Committee on Finance.

1 A bill for an act
2 relating to education; authorizing a fund transfer for
3 Independent School District No. 750, Rocori.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

5 Section 1. [ROCORI; FUND TRANSFER.]

6 Notwithstanding Minnesota Statutes, sections 123B.79,

7 123B.80, and 475.61, subdivision 4, on June 30, 2005,

8 Independent School District No. 750, Rocori, may permanently

9 transfer up to \$^{150,000}~~100,000~~ from its debt redemption fund to the

10 undesignated balance in its ^{capital}~~general~~ fund without making a levy

11 reduction.

2 [EFFECTIVE DATE.] This section is effective the day

13 following final enactment.

amended

*reserve operating
Capital account*

Fiscal Note – 2005-06 Session

Bill #: S1515-0 **Complete Date:** 03/14/05

Chief Author: FISCHBACH, MICHELLE

Title: ISD# 750; FUND TRANSFER AUTHORIZED

Fiscal Impact	Yes	No
State		X
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

This bill allows District 750 (ROCORI) to permanently transfer up to \$100,000 from its debt redemption fund to the undesignated general fund without a debt excess levy reduction.

Assumptions

At the end of FY 2004, Dist 750 had a balance of \$360,522 in the undesignated general fund account. The debt redemption fund balance at the end of FY 2004 was \$277,360.

Expenditure and/or Revenue Formula

Without the transfer request, Dist 750's Pay 06 debt service levy would be reduced by \$100,000. If the transfer request is granted, Dist 750s' Pay 06 debt service levy will not be reduced by \$100,000.

Long-Term Fiscal Considerations

None. This is a one-time transfer request.

Local Government Costs

The transfer will result in a lost Pay 06 debt service levy reduction of \$100,000. Property taxes will be higher by the same amount.

Agency Contact Name: Kiesow, Bill 651-582-8801
FN Coord Signature: AUDREY BOMSTAD
Date: 03/14/05 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: BRIAN STEEVES
Date: 03/14/05 Phone: 296-8674

Senator Fischbach introduced--
S.F. No. 1516: Referred to the Committee on Finance.

1 A bill for an act.

2 relating to education; authorizing a fund transfer for

3 Independent School District No. 738, Holdingford.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

5 Section 1. [HOLDINGFORD; FUND TRANSFER.]

6 Notwithstanding Minnesota Statutes, sections 123B.79,

7 123B.80, and 475.61, subdivision 4, Independent School District

8 No. 738, Holdingford, on June 30, 2005, may permanently transfer

9 up to \$200,000 from its debt redemption fund to the undesignated

10 balance of its general fund without making a levy reduction.

11 [EFFECTIVE DATE.] This section is effective the day

2 following final enactment.

Fiscal Note – 2005-06 Session

Bill #: S1516-0 **Complete Date:** 03/15/05

Chief Author: FISCHBACH, MICHELLE

Title: ISD# 738; PERMANENT FUND TRANSFER

Fiscal Impact	Yes	No
State	X	
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
General Fund			38	43	34
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund			38	43	34
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund			38	43	34
Total Cost <Savings> to the State			38	43	34

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

This bill allows District 738, Holdingford, to permanently transfer up to \$200,000 from its debt redemption fund to the undesignated general fund without a debt excess reduction.

Assumptions

At the end of FY 2004, Dist 738 had a balance of (\$82,567) in the undesignated general fund account. The debt redemption fund balance at the end of FY 2004 was \$237,476.

It is assumed that the primary reason for the transfer is to remedy the deficit situation in the unreserved general fund account.

Without the proposed legislation, it is assumed that Dist 738 would have an annual debt excess reduction of \$70,000 over the next 2 levy cycles (Pay 06-Pay 07) and a 60,000 reduction in Pay 08. A debt excess reduction reduces both the debt service aid and levy.

Dist 738 currently qualifies for Tier 2 debt service aid. Their debt service aid ratio on the Pay 05 levy is 70%. It is assumed that the debt service aid ratio will drop to 65% on the Pay 06 levy, 60% on the Pay 07 levy and 55% on the Pay 08 levy.

Expenditure and/or Revenue Formula

Table 1 shows the debt service aid and levy impact of the debt excess reduction that would occur in the absence of the proposed transfer. Both local taxpayers and the State benefit from the debt excess reduction that would occur if this transfer does not take place. The proposed transfer would negate the aid and levy savings shown in Table 1 and, as a result, additional state aid would be required and local taxpayers would not see a levy reduction.

Table 1.	Pay 06	Pay 07	Pay 08
Debt Service Revenue	70,000	70,000	60,000
Debt Service Aid	45,500	42,000	33,000
Debt Service Levy	24,500	28,000	31,500

Table 2. Debt Service Aid Cost - Appropriation Basis	FY 07	FY 08	FY 09
Current (84.3%)	38,357	35,406	27,819
Prior (15.7%)	-	7,143	6,594
TOTAL	38,357	42,549	34,413

Long-Term Fiscal Considerations

If the proposed transfer request is successful, Dist 738's debt service levy would increase on the Pay 06, Pay 07 and Pay 08 levies as shown on Table 1 above. Debt service aid appropriations would also increase as shown on Table 1 and Table 2 (on an appropriation basis).

Local Government Costs

This bill will result in an increase in projected Pay 2006 local property taxes.

Dist 738s' Pay 06 – Pay 08 debt service levies will be higher than they would be in the absence of the proposed transfer (see Table 1.)

Agency Contact Name: Kubesh, Chris 651-582-8319
FN Coord Signature: AUDREY BOMSTAD

Date: 03/15/05 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: BRIAN STEEVES
Date: 03/15/05 Phone: 296-8674