

Senator Vickerman introduced--
S.F. No. 1746: Referred to the Committee on Finance.

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A bill for an act

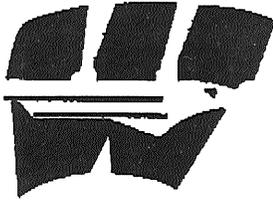
relating to education finance; authorizing an account
transfer for Independent School District No. 177,
Windom.

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

Section 1. [WINDOM; FUND TRANSFER.]

Notwithstanding Minnesota Statutes, sections 123B.79 and
123B.80, Independent School District No. 177, Windom, on June
30, 2005, may permanently transfer up to \$270,000 from its
reserved for operating capital account to the undesignated
balance in its general fund.

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



WINDOM AREA SCHOOLS

Highway 71 N • PO Box C-177
Windom, MN 56101-0177

Phone (507) 831-8901
Fax (507) 831-8919

website: www.windom.k12.mn.us

February 2, 2005

Representative Rod Hamilton
Minnesota House of Representatives
423 State Office Building
Constitution Avenue
St. Paul, MN 55155

Dear Rep. Hamilton,

Enclosed under this cover is a chronology of the events surrounding the purchase and subsequent sale of the District Office Building located on North Highway 71, Windom, MN. Please feel free to use this information in drafting legislation that would allow the Windom Area School District (I.S.D. #177) to apply the proceeds from the sale of the building (this past December 1, 2004) to its Undesignated Reserve Fund Balance. Also cited in this correspondence is an overview of the District's tenuous fiscal position over the past eight (8) years. That overview will include the status of the District's Undesignated Reserve Fund Balance as well as the balance for our Operating Capitol Fund. It is our hope that this information will satisfactorily support the District's case in securing legislative approval to allocate the proceeds to the Undesignated Reserve Account.

As you can see from the chronology, the District purchased the building for \$317,500 on July 1, 1998 (which would be Fiscal Year 1999). The building was purchased with Operating Capitol (reserve) dollars. (There was no financing involved.) In August, 2000, a journal entry was made transferring \$236,839 from the General Fund (UFARS Code 422) to the Operating Capitol Fund (UFARS Code 424) which was used to "zero out" or eliminate the deficit that was created in that account (quite possibly from the purchase of the building). So, in reality, the money used to purchase the District Office building came from the District's General Fund (UFARS Code 422). And that is our rationale for requesting legislative permission to apply the proceeds from the sale of the building to the General Fund (UFARS Code 422).

There are a couple of related issues that may be of some importance as we prepare this legislation. First, when the District Office Building was sold this past December, we were told that the proceeds (from the sale) had to be directed to our Operating Capitol fund. That directive came from the Minnesota Department of Education in accordance to

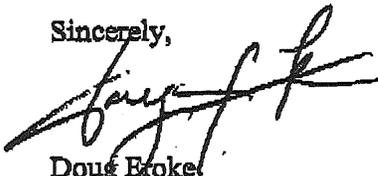
Rod Hamilton
Page 2
February 2, 2005

state law regarding sale of District property. Exceptions to this allocation however, require legislative approval and situations of this nature are not uncommon. As you can see from the enclosure, our Operating Capitol fund had reserves on June 30, 2004 of \$52,967. We anticipate that on June 30, 2005 that I.S.D. #177 will recognize reserves of approximately \$100,000 as we did set aside money specifically to build a more comfortable fund balance for a district of our size. Hence, the need for additional revenues (like the sale of the District Office Building) do not lie in the Operating Capitol Fund at this time.

Where our needs lie at this time is in our Undesignated Reserve Fund Balance. And that brings forward the second issue in rationalizing this legislation. The accompanying information shows that the District did hold Statutory Operating Debt (SOD) status during the Fiscal Years of 2001, 2002, and 2003. (SOD status means that a District has an Undesignated Fund Balance deficit that is greater than 2.5% of the district's expenditures for that Fiscal Year. For example, if a district has a budget of \$8 million, they would enter SOD status if they had a deficit Undesignated Reserve Fund balance of \$200,000 or greater.) As of June 30, 2004 the District exited SOD status, showing an Undesignated Fund Balance Reserve of \$452. We started Fiscal Year 2005 on July 1, 2004 with a budget in place predicting we would have a deficit Fund Balance of \$241,644 which would put us back into SOD on June 30, 2005. (This is largely brought on by a severe decline in enrollment as well as the inability to secure additional revenue sources.) Consequently, because we do not meet any of the qualifiers spelled out in the statute that governs the sale of school district property (as mentioned previously), it is imperative that the District be granted the flexibility to move the proceeds from the sale of the District Office from the Operating Capitol Fund to our Undesignated Reserve fund effective during this current 2004-2005 fiscal year as a means of avoiding Statutory Operating Debt status once again.

I hope the enclosed information will be enough to get the legislative process started. Best wishes to you in your new role with the Legislature. I am available to testify before Committee when that time arises, so don't hesitate to call.

Sincerely,



Doug Broke
Superintendent
Windom Area Schools

Enclosure

Senator Johnson, D.E. introduced--

S.F. No. 2017: Referred to the Committee on Finance.

1 A bill for an act

2 relating to education finance; allowing Independent
3 School District No. 345, New London-Spicer, to
4 transfer future balances in its debt redemption fund
5 to its general fund.

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

7 Section 1. [FUND TRANSFER, NEW LONDON-SPICER.]

8 (a) Notwithstanding Minnesota Statutes, sections 123B.79,
9 123B.80, and 475.61, subdivision 4, Independent School District
10 No. 345, New London-Spicer, may permanently transfer up to
11 \$150,000 each year for five years from its debt redemption fund
12 to its general fund without making a levy reduction for the
13 purpose of replacing the roof on the Prairie Woods Elementary
14 School. The district must make its initial transfer according
15 to this section on June 30, 2005. The subsequent four transfers
16 must be made on June 30 of each subsequent year.

17 (b) Prior to making the fund transfer, Independent School
18 District No. 345, New London-Spicer, must demonstrate to the
19 commissioner's satisfaction that the district has sufficient
20 funding in its debt redemption fund to satisfy its outstanding
21 debt obligations.

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

New London-Spicer Public Schools

Prairie Woods Elementary School
Roof Replacement Funding Proposal

April 4, 2005

NEW LONDON – SPICER SCHOOLS

Roof Asset Allocation Summary

High School

Total Area:	Approx. 73,600 sq.ft.
NLS Percentage:	Approx. 31%
Present Value:	Approx. \$525,000
Service Life Remaining:	Est. 3-6 years
Replacement Cost:	\$450,000 - \$850,000
Present Condition:	Fair

Middle School

Total Area:	Approx. 69,700 sq.ft.
NLS Percentage:	Approx. 30%
Present Value:	Approx. \$375,000
Service Life Remaining:	Est. 2-11 years
Replacement Cost:	\$375,000 - \$750,000
Present Condition:	Poor - Good

Prairie Woods

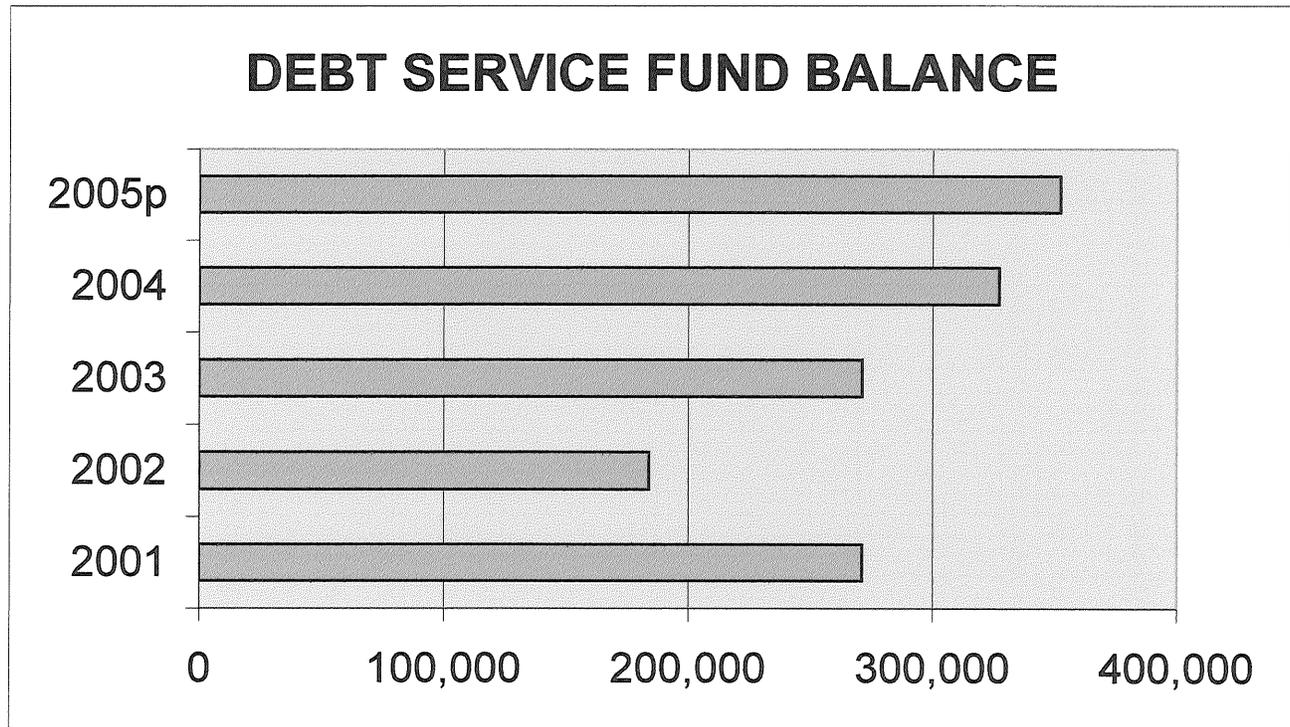
Total Area:	Approx. 68,500 sq.ft.
NLS Percentage:	Approx. 29%
Present Value:	Approx. \$375,000
Service Life Remaining:	Est. 2-8 years
Replacement Cost:	\$375,000 - \$700,000
Present Condition:	Poor

Prairie Meadows

Total Area:	Approx. 23,100 sq.ft.
NLS Percentage:	Approx. 10%
Present Value:	Approx. \$125,000
Service Life Remaining:	Est. 3-6 years
Replacement Cost:	\$150,000 - \$210,000
Present Condition:	Fair

NEW LONDON-SPICER SCHOOLS DEBT SERVICE HISTORY

School Year Ending June 30, _____	Debt Service Fund Balance	Debt Service Excess (Levy Reduction)
2001	271,135	(255,699)
2002	183,882	(164,924)
2003	271,140	0
2004	327,273	(28,998)
2005p	352,400	(75,228)
	Total	(524,849)



New London-Spicer Public Schools

Prairie Woods Elementary School
Roof Replacement Funding Proposal

April 4, 2005

NEW LONDON – SPICER SCHOOLS

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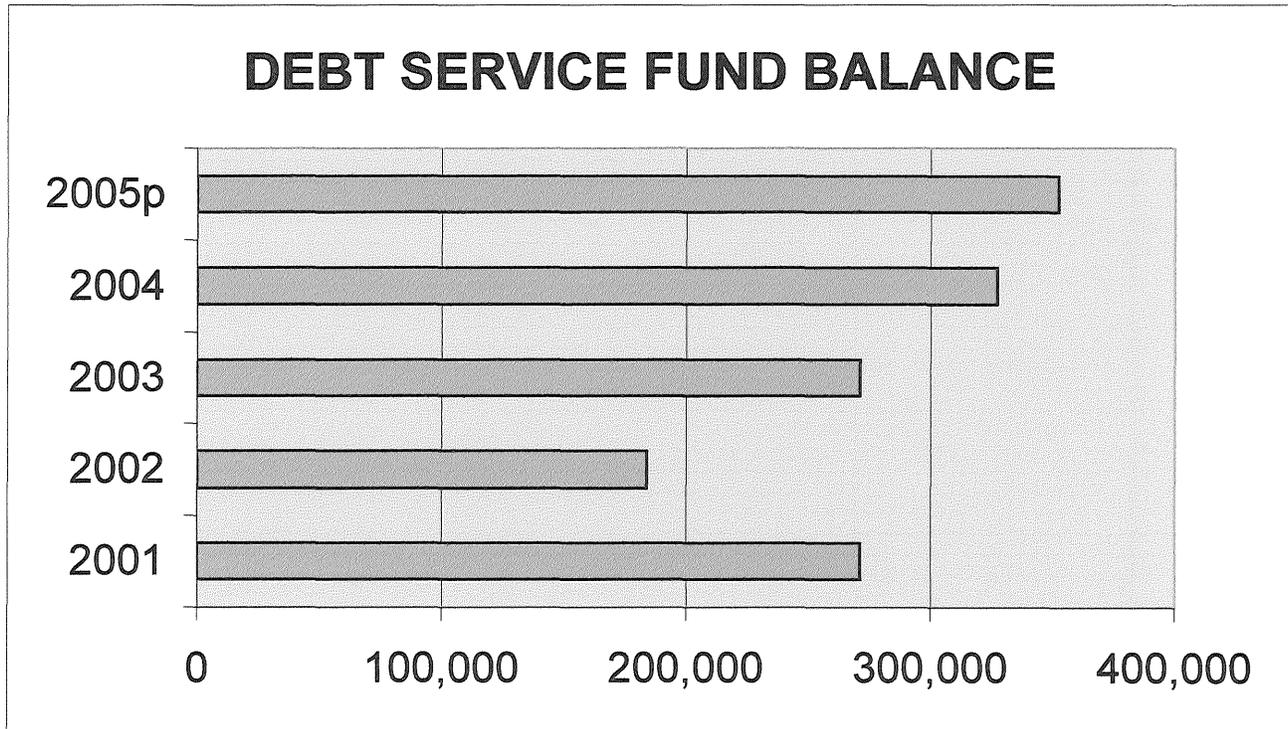
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A bill for an act

relating to education; authorizing a fund transfer for Independent School District No. 347, Willmar.

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

Section 1. [WILLMAR; FUND TRANSFER.]

Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, Independent School District No. 347, Willmar, on June 30, 2005, may permanently transfer up to \$335,200 from its debt redemption funds to its unrestricted general fund without making a levy reduction.

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

ACGC Public School is requesting a permanent transfer from the Debt Redemption Fund to the Operating Capital Fund for the 2005-06 school year. The transfer amount would be the difference between the June 30, 2004 fund balance and the 5% excess required by Statute. To date, the District has returned \$323,761 to the taxpayers from the Debt Redemption Fund. The maximum levy for debt redemption is 105% of the amount due for the District's bond payment. The amount available for transfer would be the amount levied to account for delinquent taxes and other tax abatements that did not occur.

The Operating Capital funding formula is based upon student numbers. The costs for repair and maintenance to our school buildings doesn't change regardless of the numbers of students occupying the space. We are a District that encompasses 350 square miles with our South Elementary School being 20 miles away from any other elementary school in the area. We are also a District with declining enrollment which makes it even more difficult to adequately maintain our buildings.

The impact on the taxpayer will be negligible. The only effect on the taxpayer is a slightly lowered amount collected for debt redemption once an amount for delinquent taxes and other tax abatements which did not occur has been determined and an adjustment for debt excess is made on the levy which will be certified in 2005, payable in 2006.

The District has a long list of costly repair and maintenance items. Our current project of a roof replacement at our South Elementary School in Cosmos is where this transfer will be utilized.

Senators Ortman and Robling introduced--

S.F. No. 798: Referred to the Committee on Finance.

A bill for an act

2 relating to education; authorizing a lease levy for
3 Independent School District No. 110, Waconia.

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

5 Section 1. [LEASE LEVY FOR ADMINISTRATIVE SPACE; WACONIA
6 SCHOOL DISTRICT.]

7 Each year, Independent School District No. 110, Waconia,
8 may levy the amounts necessary to rent or lease administrative
9 space so that space previously used for administrative purposes
10 may be used for instruction purposes.

Fiscal Note – 2005-06 Session

Bill #: S0798-0 **Complete Date:** 03/17/05

Chief Author: ORTMAN, JULIANE

Title: ISD# 110; ADMIN SPACE LEASE LEVY

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 110 to have levy authority equal to 90% of the cost of leasing space for administrative purposes.

Assumptions

Based on District 110's size (enrollment) and location, the estimated cost for administrative space for FY 06 should be about \$60,000. Assuming a 5-year lease, the district levy of 90% of lease cost will be \$54,000 annually.

Currently districts 465 Litchfield, SP 6 So. St. Paul, 77 Mankato and 272 Eden Prairie have special legislation to levy for the costs of administrative space.

The levy resulting from this bill will affect early levy recognition (tax shift) under M.S. 123B.75, Subd. 5. State aid adjustments related to the early recognition will change the required general education appropriation. Actual state costs or savings is dependent upon the annual district levy.

Expenditure and/or Revenue Formula

Estimated Tax Shift Cost/(Savings)	Rate	0.486		
in thousands				
Levy Year	Pay 2006	Pay 2007	Pay 2008	Pay 2009
Revenue Recognition Year	FY 2006	FY 2007	FY 2008	FY 2009
Levy Amt	54,000.0	54,000.0	54,000.0	54,000.0
Early Levy Recognition	26,244.0	26,244.0	26,244.0	26,244.0
Aid Cost (Savings) General Education	(26,244.0)	-	-	-

Long-Term Fiscal Considerations

None.

Local Government Costs

This will increase local property taxes.

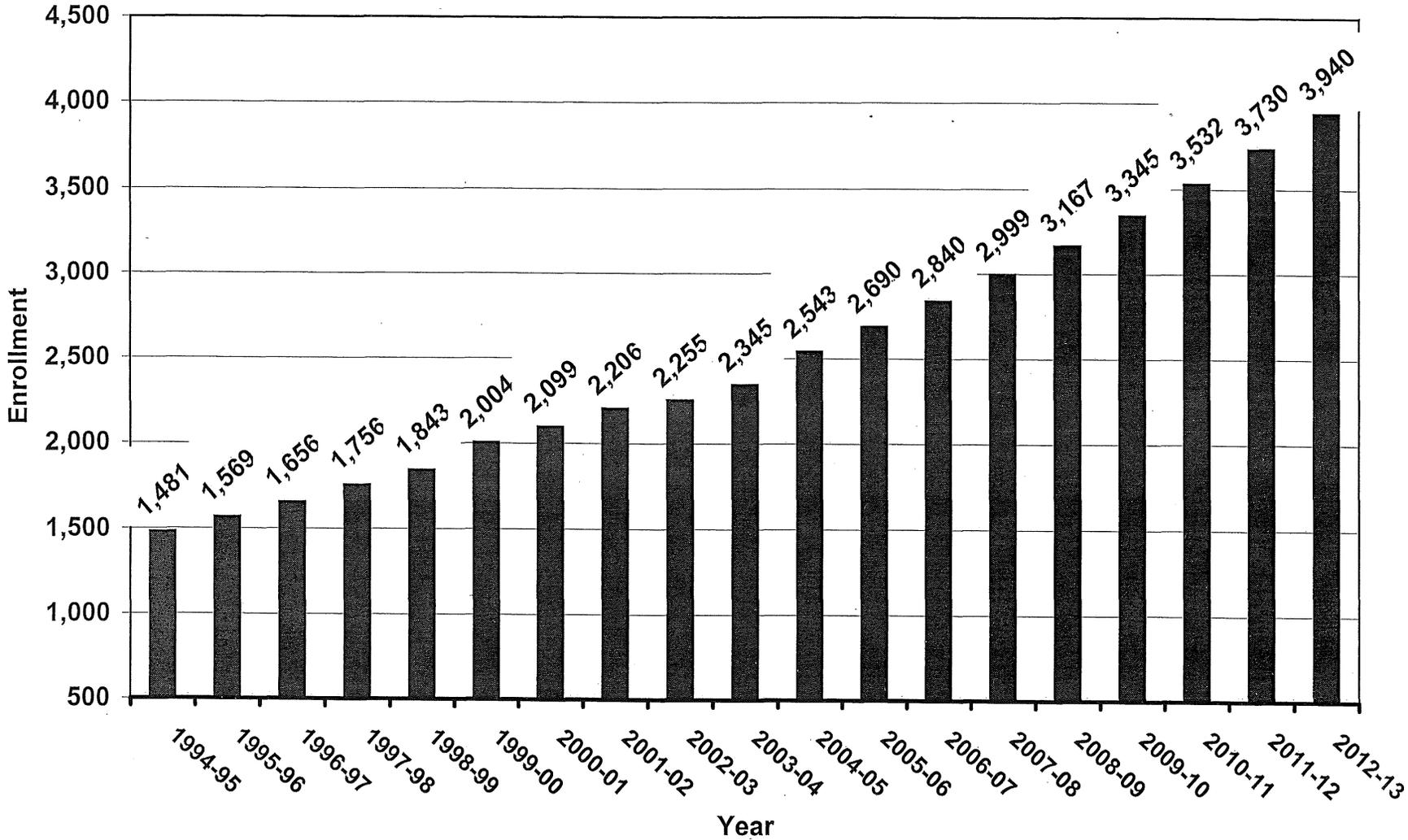
Agency Contact Name: Kiesow, Bill 651-582-8801
FN Coord Signature: AUDREY BOMSTAD
Date: 03/16/05 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER
Date: 03/17/05 Phone: 296-6661

Student Population Growth



Senator Stumpf introduced--

S.F. No. 2023: Referred to the Committee on Finance.

A bill for an act

relating to education finance; authorizing a fund transfer for Independent School District No. 2609, Win-E-Mac.

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

Section 1. [FUND TRANSFER; WIN-E-MAC.]

Notwithstanding Minnesota Statutes, section 123B.79, or 123B.80, Independent School District No. 2609, Win-E-Mac, on June 30, 2005, may permanently transfer up to \$87,000 from its reserved account for disabled accessibility to its reserved operating capital account in its general fund.

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