
Clarinda Community School District, Iowa Capital Project Financing Discussion



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Topics for Discussion

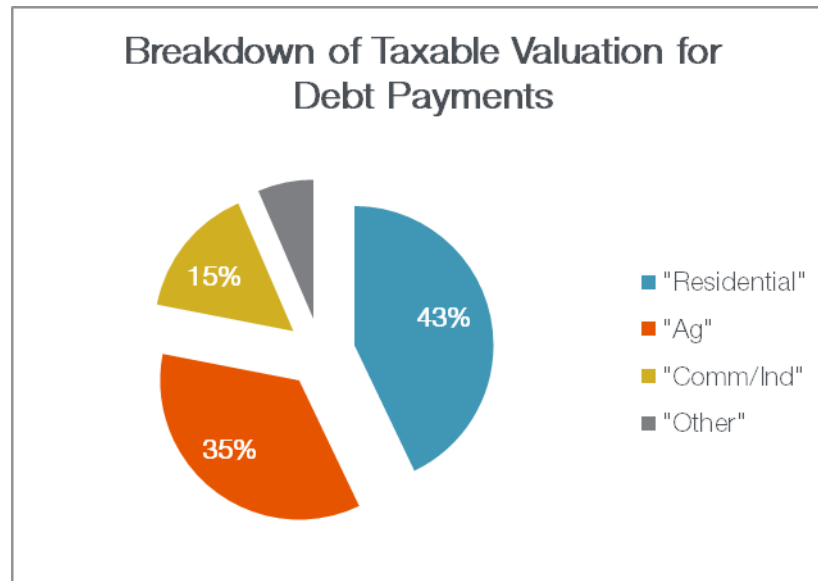
- I. General Information about the District**
- II. Capital Financing for Iowa School Districts**
- III. Project Finance Considerations**
- IV. Summary and Questions**

Section I

General Information about the District

Valuations

Valuation Year	Actual Valuation w/ Utilities	% Change in Actual Valuation	Taxable Valuation w/ Utilities	% Change in Taxable Valuation
2017	529,085,082	-0.52%	304,737,981	3.61%
2016	531,868,122	3.85%	294,117,892	3.98%
2015	512,153,852	4.38%	282,861,802	4.23%
2014	490,652,664	1.32%	271,387,019	1.92%
2013	484,269,737	14.39%	266,265,992	1.35%
2012	423,362,448	0.80%	262,712,988	3.76%
2011	420,000,884	9.58%	253,189,675	5.64%
2010	383,293,033	12.16%	239,683,128	14.82%
2009	341,730,729	10.96%	208,746,539	4.63%
2008	307,982,747	2.25%	199,504,319	4.19%
2007	301,194,919		191,475,588	
Average Historical Growth		5.92%		4.81%



Tax Rate History

Total Area Levies

Fiscal Year	City	School	College	State	Assessor	Ag Extens	Hospital	County	Total Levy
2019	17.00000	10.93299	1.30877	0.00290	0.67500	0.28437	0.00000	6.93809	37.14212
2018	17.31000	10.98249	1.28565	0.00310	0.67500	0.28204	0.00000	6.92122	37.45950
2017	17.50000	10.56809	1.51663	0.00330	0.67500	0.26978	0.00000	6.62257	37.15537
2016	17.50000	10.61000	1.13910	0.00330	0.65699	0.26988	0.00000	7.36854	36.89082
2015	17.50000	10.53450	1.15526	0.00330	0.67083	0.27144	0.00000	6.06412	36.19945
2014	17.50031	10.42777	0.98207	0.00330	0.45329	0.27134	0.00000	6.08932	35.72740
2013	17.73000	11.74091	1.10184	0.00330	0.42533	0.28268	0.00000	6.14032	37.42438
2012	17.85585	13.26045	0.81035	0.00300	0.44695	0.25207	0.00000	6.20562	38.83429
2011	18.12925	14.06326	0.80838	0.00300	0.52213	0.25207	0.00000	5.93760	39.71569
2010	18.26889	14.14187	0.92505	0.00300	0.67500	0.25407	0.00000	6.09727	40.36515

Clarinda CSD Tax Rates

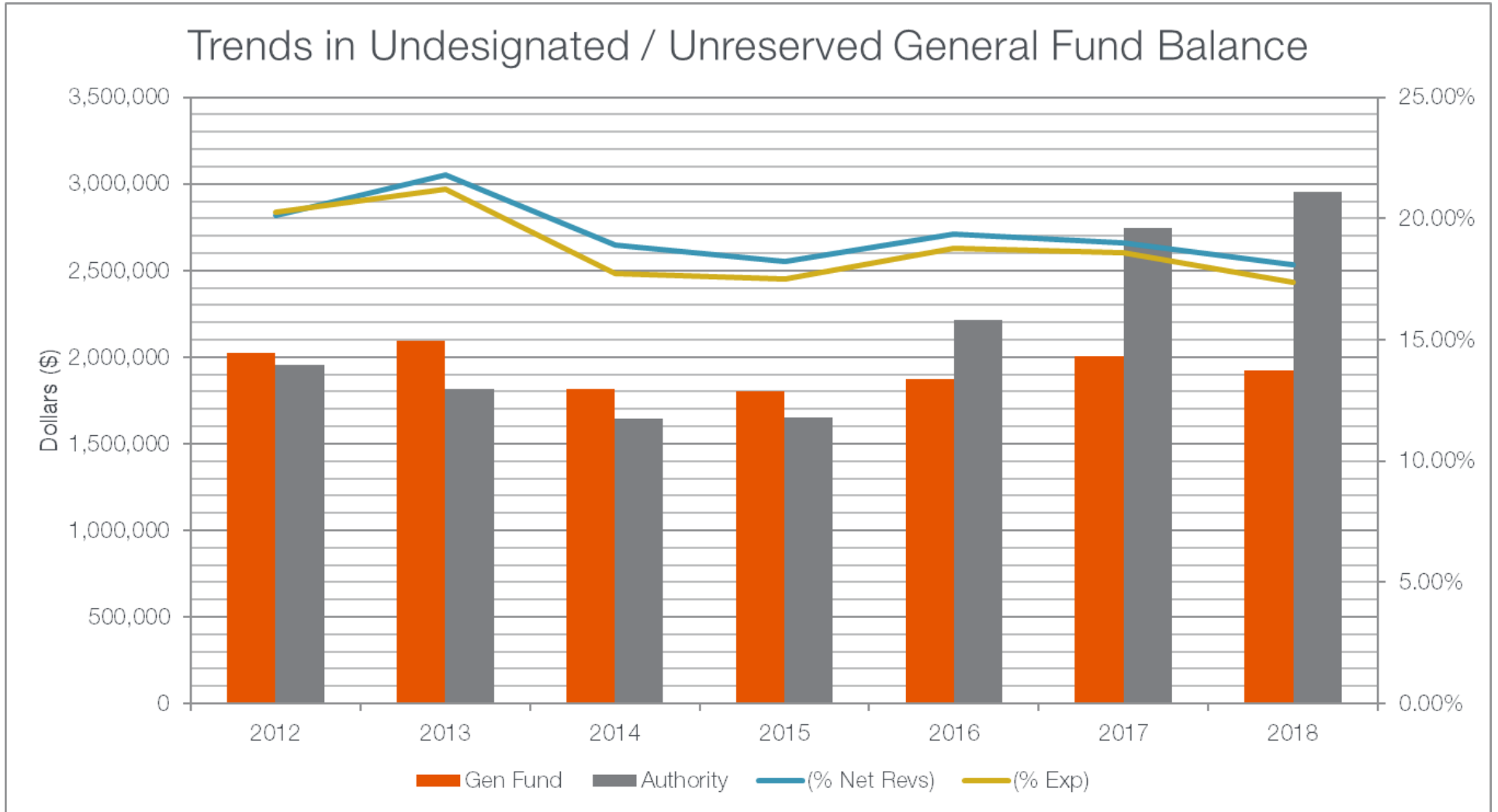
Fiscal Year	General Fund	M'ment Fund	Board PPEL	Voter PPEL	Play-ground	Debt Service	School-house	Total Levy
2019	9.73526	0.86773	0.33000	0.00000	0.00000	0.00000	0.00000	10.93299
2018	10.04649	0.60600	0.33000	0.00000	0.00000	0.00000	0.00000	10.98249
2017	9.61220	0.62589	0.33000	0.00000	0.00000	0.00000	0.00000	10.56809
2016	9.63022	0.64978	0.33000	0.00000	0.00000	0.00000	0.00000	10.61000
2015	9.53807	0.66643	0.33000	0.00000	0.00000	0.00000	0.00000	10.53450
2014	9.42267	0.67510	0.33000	0.00000	0.00000	0.00000	0.00000	10.42777
2013	10.71063	0.70028	0.33000	0.00000	0.00000	0.00000	0.00000	11.74091
2012	12.30462	0.62583	0.33000	0.00000	0.00000	0.00000	0.00000	13.26045
2011	13.07956	0.65370	0.33000	0.00000	0.00000	0.00000	0.00000	14.06326
2010	10.97547	0.70607	0.33000	0.00000	0.00000	2.13033	0.00000	14.14187

Enrollment History

Enrollment (Certified/Resident)		
<u>Count Date</u>	<u>Fiscal Year</u>	<u>Enrollment</u>
October-16	2017-18	961.3
October-15	2016-17	983.1
October-14	2015-16	927.8
October-13	2014-15	938.7
October-12	2013-14	947.2
October-11	2012-13	949.7
October-10	2011-12	955.4
October-09	2010-11	952.8

Open Enrollment			
<u>Count Date</u>	<u>Enrolled In</u>	<u>Enrolled Out</u>	<u>Net</u>
October-16	119.0	23.0	96.0
October-15	117.0	19.0	98.0
October-14	120.0	16.0	104.0
October-13	112.0	19.0	93.0
October-12	99.0	18.0	81.0
October-11	96.0	25.0	71.0
October-10	79.0	38.0	41.0
October-09	94.0	35.0	59.0

General Fund History



Physical Plant and Equipment Levy (PPEL)

BOARD APPROVED PPEL

- \$0.33 / \$1000 of Taxable Valuation
- Generates approximately **\$100,564** annually
- Cannot leverage revenues for debt payments except under limited circumstances

VOTER APPROVED PPEL

- The District does not currently have a voter approved PPEL Levy
- Levy maximum is \$1.34 / \$1000 for 10 years
- Can be a mix of property tax and income surtax
- Can only leverage the property tax portion

COMMITMENTS AND OBLIGATIONS

- No formal commitments or obligations (although cash flow uses designated)



Statewide Sales Tax (“SAVE”)

School Infrastructure Sales, Services & Uses Tax / SAVE fund / State Penny

HISTORICAL TAX

- Originally county by County 10 year taxes
- Statewide tax implemented July 1, 2008
- Transition from County by County distribution to full statewide conversion in “step”
 - Grandfather period, buy up rates, supplemental distribution, etc.
- Beginning in FY2015, true statewide distribution

CURRENT TAX

- Certified enrollment multiplied by statewide revenue per pupil
- Three variables for consideration
 - Local district enrollment (Fall of 2017 = **979.4**)
 - Statewide enrollment and revenues to calculate the statewide revenue per pupil (FY2019 = **\$1,016.14**)
- In FY2019 revenues are estimated at **\$995,208** (100%)

COMMITMENTS AND OBLIGATIONS

- No formal commitments or obligations (although cash flow uses designated)



Section II

Capital Financing for Iowa School Districts

Capital Financing for Iowa School Districts

Constraints for Consideration

- Debt Limit: maximum principal outstanding (5% of assessed valuation)
- Limit as of 07/01/2018: $\$529,085,082 \times .05 = \$26,454,254$
- Margin as of 07/01/2018: $\$26,454,254 - 0 = \$26,454,254$
- Bonding Capacity: market or legal limits for various borrowing components

Methods of Borrowing for Iowa School Districts

- General Obligation School Bonds (GO Bonds)
- General Obligation School Capital Loan Notes (PPEL Notes)
- School Infrastructure Sales, Services & Use Tax Revenue Bonds (SAVE or Sales Tax Bonds)

Authority

- GO Bonds: bond referendum , 60% voter approval for “specific” project, fit within levy constraints (\$4.05 max, \$2.70 or other voted limit), each borrowing is limited to 20 years. If debt service levy exceeds \$2.70 / \$1000, a second referendum questions is required to authorize a “not to exceed levy amount” (between \$2.70 and \$4.05). *According to the Department of Management the District has previously voted to exceed the \$2.70 / \$1000 levy, up to a maximum of \$4.05 / \$1000.*
- PPEL Notes: 10 year voter approved levy (simple majority approval). Do not need “specific” project approval, debt payments must fit within within levy constraints (\$1.34 max, often different local amounts), must collect debt service portion via property tax (can’t used income surtax).
- Sales Tax Bonds: statewide sales tax through 12/31/2029, market constraints typically drive borrowing amounts. Typical limits are around 83% of estimated revenues. Revenue purpose statement is required for authorizing uses of revenues (simple majority approval). Do not need “specific” project approval.

Summary of Maximum GO Bonding Capacity

Year	Levy Years	Levy Rate	Annual Payment	Bond Amount	Total Interest	Debt Limit %
2019	20	\$1.00	\$309,906	\$4,370,000	\$1,828,115	17%
2019	20	\$2.00	\$620,989	\$8,755,000	\$3,664,773	33%
2019	20	\$2.70	\$839,031	\$11,830,000	\$4,950,628	45%
2019	20	\$3.00	\$931,308	\$13,130,000	\$5,496,160	50%
2019	20	\$4.05	\$1,258,744	\$17,745,000	\$7,429,878	67%
2019/20	21	\$4.05	\$1,258,726	\$18,615,000	\$7,818,253	70%

Relevant assumptions

- Annual valuation growth at 2.00% for FY2020 Budget
- Interest rates that are approximately 0.25% higher than today's rates

Maximum SAVE Bonding Capacity

Sales Tax Revenue Obligations										Option 1	
Clarinda Community School District, Iowa										RPS Growth 2.000%	
Spread to Current Rates											
0.25%											
Fiscal Year	7/1/19	Future	Total Principal	Total Interest	Total P&I	Certified Enrollment	Revenue/Pupil	Estimated Revenues	Annual Surplus	Cumulative Surplus	Estimated Coverage
2018			0	0	0	961.3	\$ 959.38	922,252	922,252	0	
2019			0	0	0	979.4	\$1,016.14	995,208	995,208	995,208	
2020	575,000		575,000	254,180	829,180	979.4	\$1,036.46	1,015,112	185,932	1,181,139	1.20
2021	595,000		595,000	233,768	828,768	979.4	\$1,057.19	1,035,414	206,646	1,387,786	1.20
2022	615,000		615,000	212,645	827,645	979.4	\$1,078.34	1,056,122	228,477	1,616,263	1.20
2023	640,000		640,000	190,813	830,813	979.4	\$1,099.90	1,077,245	246,432	1,862,695	1.20
2024	660,000		660,000	168,093	828,093	979.4	\$1,121.90	1,098,790	270,697	2,133,392	1.20
2025	685,000		685,000	144,663	829,663	979.4	\$1,144.34	1,120,765	291,103	2,424,495	1.20
2026	710,000		710,000	120,345	830,345	979.4	\$1,167.23	1,143,181	312,836	2,737,330	1.20
2027	735,000		735,000	95,140	830,140	979.4	\$1,190.57	1,166,044	335,904	3,073,235	1.20
2028	760,000		760,000	69,048	829,048	979.4	\$1,214.38	1,189,365	360,318	3,433,552	1.20
2029	785,000		785,000	42,068	827,068	979.4	\$1,238.67	1,213,152	386,085	3,819,637	1.20
2030	400,000		400,000	14,200	414,200	979.4	\$1,263.44	618,708	204,508	4,024,145	1.20
Totals:	7,160,000	0	7,160,000	1,544,960	8,704,960			13,651,357	4,946,397	28,688,875	1.20
Original Par:											
Call Date:											
Purpose:											
DSRF:											
											Project Funds: 7,068,400

Relevant assumptions

- No change from Fall 2017 enrollment (certified)
- Maximum borrowing at 1.2x Coverage

Section III

Project Finance Considerations

- Method of Borrowing
- Length of Borrowing
- Other Capital Project Needs (SAVE – PPEL)
- Comfort level with assumptions
- Levy Rate Impact and Overall Tax Rate Management

Facility Assessment Summary

TOTAL COSTS BY FACILITY

	Low	High
GARFIELD ELEMENTARY SCHOOL	1,969,551	3,409,280
MIDDLE SCHOOL	2,435,116	4,099,866
HIGH SCHOOL	4,630,442	6,236,579
ADMINISTRATIVE OFFICE	810,722	1,346,255
VOCATIONAL CENTER	286,137	402,959
TRACK AND FIELD	1,779,756	2,696,933
BUS BARN	1,162,375	1,712,500

TOTAL COSTS BY FACILITY

13,074,098 **19,904,372**

TOTAL COSTS BY CATEGORY

	Low	High
1 HEALTH & LIFE SAFETY	1,486,381	2,314,945
2 BUILDING IMPROVEMENTS	6,185,568	10,159,714
3 SITE IMPROVEMENTS	2,069,112	3,140,605
4 NEW FACILITIES	3,333,037	4,289,108

TOTAL COSTS BY CATEGORY

13,074,098 **19,904,372**

\$3.00 bond issue

\$4.05 bond issue,
plus \$1.5 million in
cash / SAVE

Understanding Tax Impacts – Total Project Costs

Referendum of \$18,615,000

	Amount (\$)	per \$1000
Current Debt Levy (3)	0	\$0.00000
Estimated New Debt Levy (4):		\$4.04953
SAVE for Property Tax Relief		
Operational Efficiencies (other levies):		
Estimated Increase:	0	\$4.04953

Option 1: Total Project Costs (no net project analysis)

1/1/2017 Assessed Value	1/1/2017 Rollback Percentage	1/1/2017 Taxable Value	Less: Est. Homestead Credit (1)(2)	Net Taxable Value	Estimated Tax Rate Increase per \$1,000	Annual Additional Tax	Monthly Additional Tax
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Residential Property

\$50,000	x	55.6209%	=	\$27,810	-	\$4,850	=	\$22,960	x	\$4.05	=	\$92.99	\$7.75
\$100,000	x	55.6209%	=	\$55,621	-	\$4,850	=	\$50,771	x	\$4.05	=	\$205.62	\$17.14
\$150,000	x	55.6209%	=	\$83,431	-	\$4,850	=	\$78,581	x	\$4.05	=	\$318.25	\$26.52
\$200,000	x	55.6209%	=	\$111,242	-	\$4,850	=	\$106,392	x	\$4.05	=	\$430.89	\$35.91
\$250,000	x	55.6209%	=	\$139,052	-	\$4,850	=	\$134,202	x	\$4.05	=	\$543.52	\$45.29
\$300,000	x	55.6209%	=	\$166,863	-	\$4,850	=	\$162,013	x	\$4.05	=	\$656.15	\$54.68

Multi-residential (Grandfathering down to "Residential" rollback in 2022)

\$100,000	x	78.7500%	=	\$78,750	-	\$0	=	\$78,750	x	\$4.05	=	\$318.94	\$26.58
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Commercial Property

\$100,000	x	90.0000%	=	\$90,000	-	\$0	=	\$90,000	x	\$4.05	=	\$364.50	\$30.38
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Agricultural Property (land only on a per acre basis)*

\$1,600	x	54.4480%	=	\$871	-	\$0	=	\$871	x	\$4.05	=	\$3.53	\$0.29
\$1,700	x	54.4480%	=	\$926	-	\$0	=	\$926	x	\$4.05	=	\$3.75	\$0.31
\$1,713	x	54.4480%	=	\$933	-	\$0	=	\$933	x	\$4.05	=	\$3.78	\$0.31
\$1,800	x	54.4480%	=	\$980	-	\$0	=	\$980	x	\$4.05	=	\$3.97	\$0.33
\$1,900	x	54.4480%	=	\$1,035	-	\$0	=	\$1,035	x	\$4.05	=	\$4.19	\$0.35

Understanding Tax Impacts – Net Tax Rate Increase Analysis

Referendum of \$18,615,000

	Amount (\$)	per \$1000
Current Debt Levy (3)	0	\$0.00000
Estimated New Debt Levy (4):		\$4.04953
SAVE for Property Tax Relief	500,000	(\$1.64075)
Operational Efficiencies (other levies):		(\$0.50000)
Estimated Increase:	0	\$1.90878

Option 2: Review "Net Tax Rate" Impact

1/1/2017 Assessed Value	1/1/2017 Rollback Percentage	1/1/2017 Taxable Value	Less: Est. Homestead Credit (1)(2)	Net Taxable Value	Estimated Tax Rate Increase per \$1,000	Annual Additional Tax	Monthly Additional Tax
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Residential Property

\$50,000	x	55.6209%	=	\$27,810	-	\$4,850	=	\$22,960	x	\$1.91	=	\$43.85	\$3.65
\$100,000	x	55.6209%	=	\$55,621	-	\$4,850	=	\$50,771	x	\$1.91	=	\$96.97	\$8.08
\$150,000	x	55.6209%	=	\$83,431	-	\$4,850	=	\$78,581	x	\$1.91	=	\$150.09	\$12.51
\$200,000	x	55.6209%	=	\$111,242	-	\$4,850	=	\$106,392	x	\$1.91	=	\$203.21	\$16.93
\$250,000	x	55.6209%	=	\$139,052	-	\$4,850	=	\$134,202	x	\$1.91	=	\$256.33	\$21.36
\$300,000	x	55.6209%	=	\$166,863	-	\$4,850	=	\$162,013	x	\$1.91	=	\$309.44	\$25.79

Multi-residential (Grandfathering down to "Residential" rollback in 2022)

\$100,000	x	78.7500%	=	\$78,750	-	\$0	=	\$78,750	x	\$1.91	=	\$150.41	\$12.53
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Commercial Property

\$100,000	x	90.0000%	=	\$90,000	-	\$0	=	\$90,000	x	\$1.91	=	\$171.90	\$14.33
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Agricultural Property (land only on a per acre basis)*

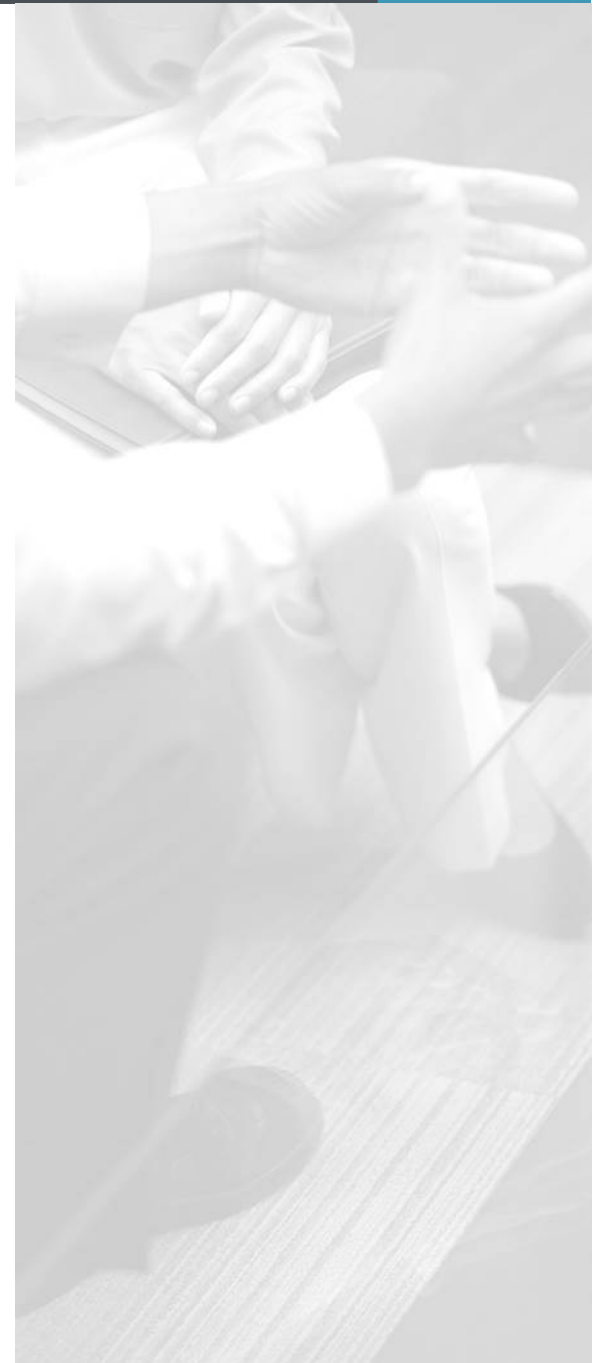
\$1,600	x	54.4480%	=	\$871	-	\$0	=	\$871	x	\$1.91	=	\$1.66	\$0.14
\$1,700	x	54.4480%	=	\$926	-	\$0	=	\$926	x	\$1.91	=	\$1.77	\$0.15
\$1,713	x	54.4480%	=	\$933	-	\$0	=	\$933	x	\$1.91	=	\$1.78	\$0.15
\$1,800	x	54.4480%	=	\$980	-	\$0	=	\$980	x	\$1.91	=	\$1.87	\$0.16
\$1,900	x	54.4480%	=	\$1,035	-	\$0	=	\$1,035	x	\$1.91	=	\$1.98	\$0.16

Section IV: Summary and Questions

Summary

Other Considerations???

Any Questions???



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