



Lake of the Woods, ISD 390

School Board Work Session

February 26, 2024

Property Tax Base & Levy

Assessment Year 2022 (Taxes Payable 2023) Tax Base by Property Type

	Market Value	Percent of Total	Referendum Market Value	Percent of Total	Net Tax Capacity*	Percent of Total
Totals	727,090,246	100.0%	350,633,390	100.0%	7,388,180	100.0%
Residential Homestead	194,792,980	26.8%	190,798,604	54.4%	1,709,907	23.1%
Other Residential	38,197,975	5.3%	37,935,950	10.8%	405,911	5.5%
Commercial / Industrial	84,389,263	11.6%	84,389,263	24.1%	1,587,514	21.5%
Non Qualifying Agriculture	20,915,588	2.9%	20,424,123	5.8%	169,033	2.3%
Qualifying Agriculture	191,167,940	26.3%	-	0.0%	1,598,106	21.6%
Seasonal Recreational	197,626,500	27.2%	17,085,450	4.9%	1,954,661	26.5%
TIF & FD					-36,951	-0.5%

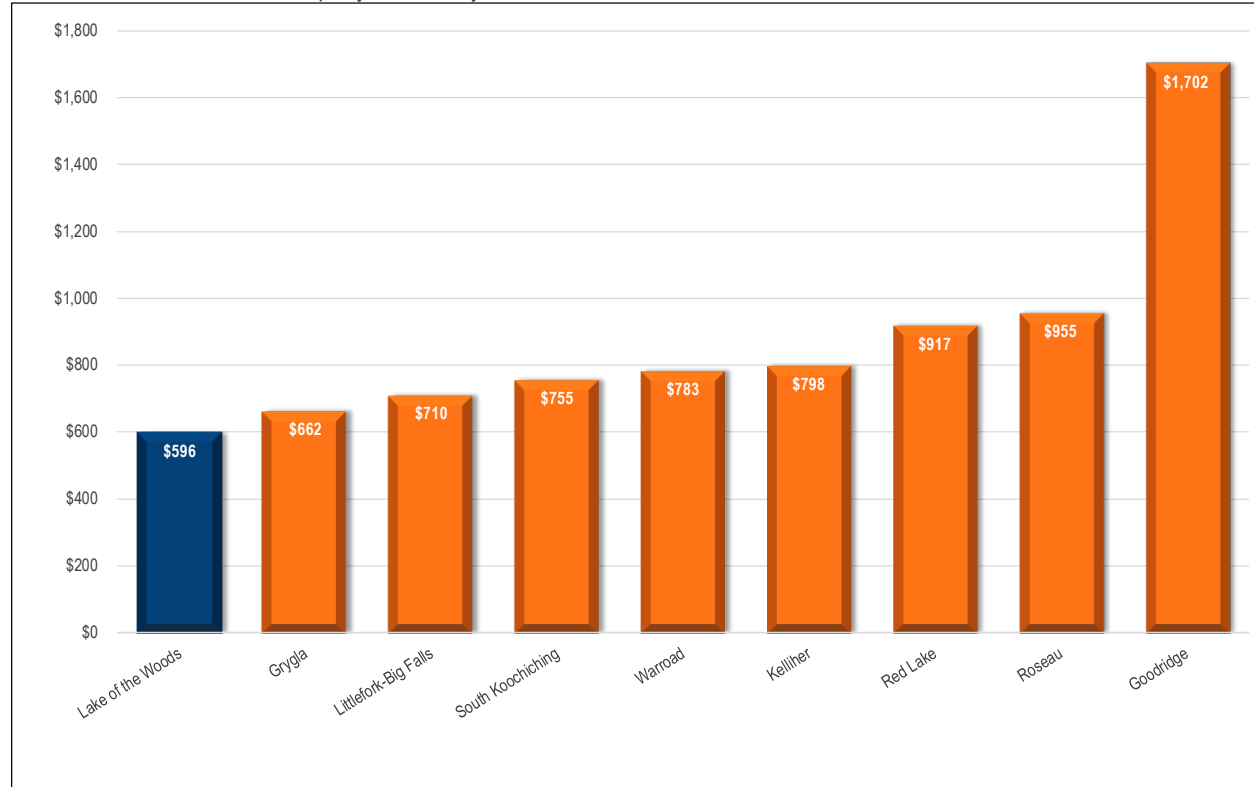
*Totals include TIF & Fiscal Disparities adjustments

- Operating Referendum
- Local Optional Revenue
- and Equity
19% of Total Levy

All other school taxes
including building bonds
81% of Total Levy

Tax Comparisons

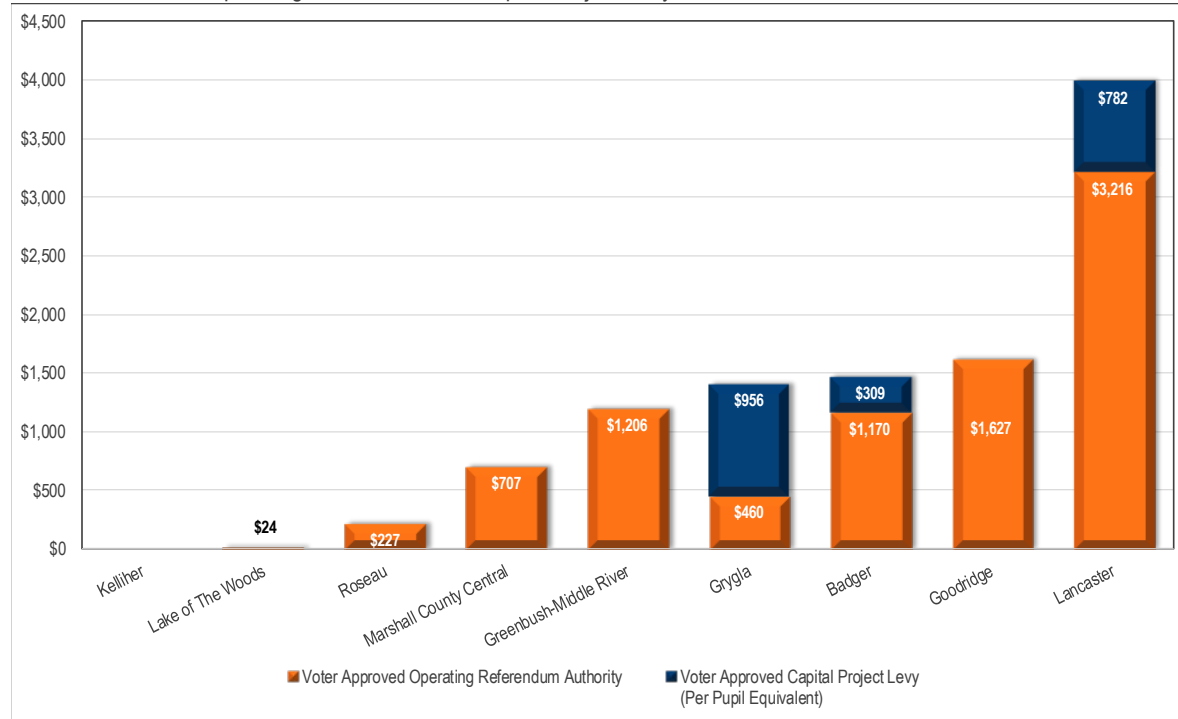
Total School Property Taxes, Payable 2023, on a Home with an Estimated Market Value of \$185,000



Source: Pay 23 School Tax Report

Operating Referendum & Capital Project Levy Comparisons

Operating Referendum and Capital Project Levy Allowances for Fiscal Year 2025



Operating Referendum Revenue Allowances

Election Year	Taxes Payable	Fiscal Year	Board Approved	Voter Approved		Board Renewal*	
			Local Optional Revenue	Operating Referendum	Renewal Years for Expiring Authorities	First Date	Deadline
2017	2018	2019	424.00	324.24			
2018	2019	2020	424.00	324.24			
2019	2020	2021	724.00	24.24			
2020	2021	2022	724.00	24.24			
2021	2022	2023	724.00	24.24			
2022	2023	2024	724.00	24.24			
2023	2024	2025	724.00	24.24			
2024	2025	2026	724.00	24.24			
2025	2026	2027	724.00	24.24			
2026	2027	2028	724.00	24.24	**	July 1,2025	June 15,2027
2027	2028	2029	724.00	0.00	***		
2028	2029	2030	724.00	0.00			

Estimated Revenue for Fiscal Year 2024

Operating Referendum \$ 10,593

Notes:

- * Minnesota Statute, Section 126c.17 allows school boards to renew an existing operating referendum one-time for the same term and same amount
- ** First year voters or Board can renew expiring voter approved referendum authority
- *** Last year voters or Board can renew expiring voter approved referendum authority

Current LOTW Operating Referendum

- Authority was renewed by voters in November 2016
 - ✓ Authority of \$324.24 per pupil
 - ✓ Started with taxes payable in 2018 for ten years
 - ✓ Starting in taxes payable 2020 \$300 of voter authority was moved to Local Optional Revenue (No net change in revenue)
 - ✓ Generates about \$10,500 in annual revenue for FY 2024

Operating Referendum

November election ballot question, stated per pupil, estimated cap for Taxes Payable 2024 / Fiscal Year 2024-25 is \$2,202.89
(no cap for sparsity districts)

Allows districts to generate additional general education revenue

Revenue can be a combination of local property tax levies & state aid

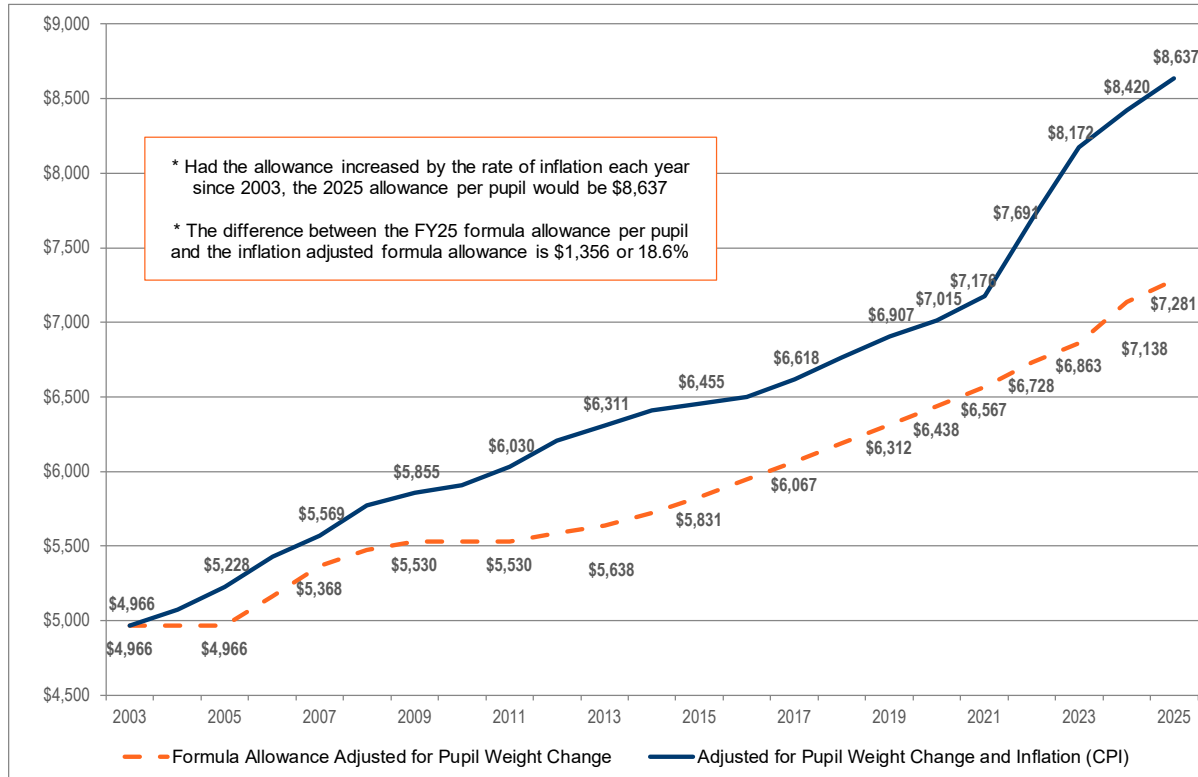
Annual levy, maximum length of 10 years
Can be renewed once by School Board

Taxes spread on Referendum Market Value
(most property types pay same taxes per dollar of property value)

Revenue may be used for any operating or capital expenses
(e.g. staff salaries & benefits, utilities, supplies, technology)

General Education Formula Allowance, 2003-2025

Adjusted for Pupil Weight Change and Inflation (CPI)



Reliance on Referendums

- Other funding sources (e.g., special education) also have not kept pace with inflation or costs of providing services
- Only options for districts to bridge funding gap are to cut budgets or request operating referendum and/or capital project levy revenue authority from voters; most districts have done both



Capital Project Levy Referendum

Election ballot question,
stated tax rate

Allows districts to generate
additional revenue for
technology and capital
projects

Revenue provided through
local property tax levies

Annual levy, maximum
length of 10 years

Taxes spread on Net Tax
Capacity
(All taxpayers pay, but may pay
different amounts based on the type
of property)

Revenue may be used for
items consistent with the
ballot language

Operating Referendum & Capital Project Levy

	Operating Referendum	Capital Project Levy
Tax Levy Based On	Referendum Market Value	Net Tax Capacity
Funding Source	Tax Levy / State Aid	Tax Levy
Authority	Per Pupil	Tax Rate
Inflationary Factor	Optional / CPI	No / Changes with Tax Base
Maximum Amount	\$2,203 per pupil	No maximum
Allowable Uses	Any Operating Expenditure	Tech / Capital Expenditures
Election Dates	November	Feb, Apr, May, Aug, Nov
Maximum Length	10 years	10 years

Operating Referendum & Capital Project Levy

	Capital Project Levy	Operating Referendum Revenue	Total
Additional Revenue	\$300,000	\$300,000	\$0

Type of Property	Estimated Market Value	Estimated Annual Tax Impact *		
Residential Homestead	\$100,000	\$24	\$77	-\$53
	125,000	34	96	-62
	150,000	44	115	-71
	175,000	54	134	-80
	200,000	65	154	-89
	225,000	75	173	-98
	250,000	85	192	-107
	300,000	106	230	-124
	350,000	127	269	-142
	400,000	147	307	-160
500,000	188	384	-196	
Commercial/ Industrial	\$100,000	\$57	\$77	-\$20
	250,000	161	192	-31
	500,000	349	384	-35
	1,000,000	727	768	-41
Agricultural Homestead** (average value per acre of land & buildings)	\$1,500	\$0.28	\$0	\$0.28
	2,000	0.38	0	0.38
	2,500	0.47	0	0.47
	3,000	0.57	0	0.57
	4,000	0.76	0	0.76
Agricultural Non-Homestead** (average value per acre of land & buildings)	\$1,500	\$0.57	\$0	\$0.57
	2,000	0.76	0	0.76
	2,500	0.94	0	0.94
	3,000	1.13	0	1.13
	4,000	1.51	0	1.51
Seasonal Recreational Residential	\$100,000	\$38	\$0	\$38
	200,000	76	0	76
	300,000	113	0	113
	400,000	151	0	151
	500,000	189	0	189

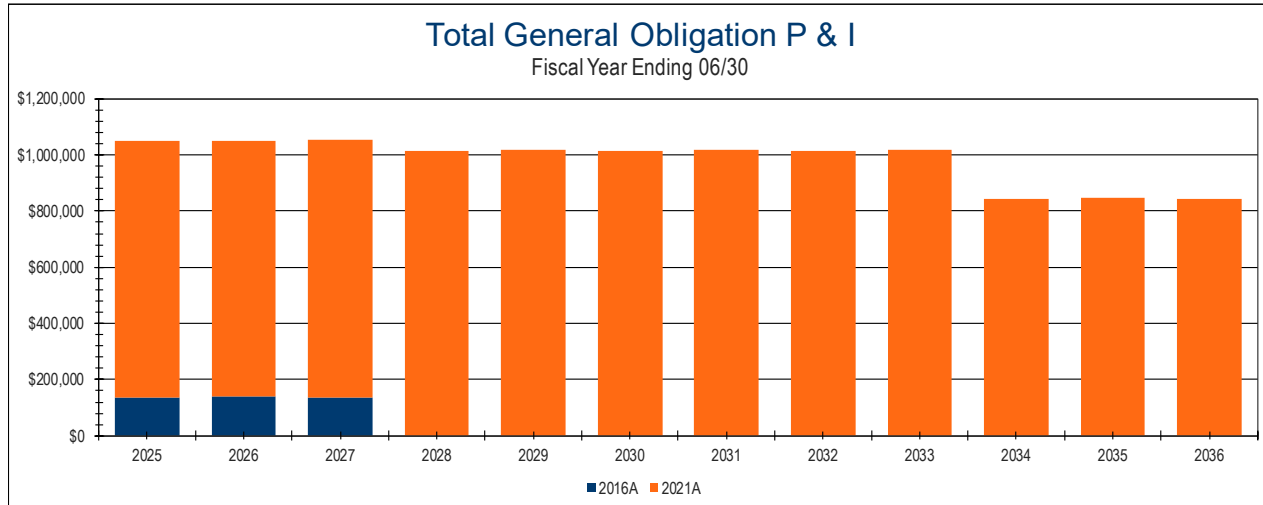
PROJECT TYPES

Available Financing Tools for Capital Projects

	New Buildings/ Bldg. Purchase	Building Additions	Building Renovations	Site Improvements	Deferred Maintenance	Health/Safety Projects	Parking Lots	Energy Improvements	Security Improvements	Furnishings/ Equipment	Voter Approval Required	Property Tax Impact	Ag Bond Credit	Limitations	Maximum Borrowing	Other Notes
Building Bonds	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y	Y	Y	None	Statutory debt limit	State Review & Comment required
Operating Referendum	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y	Y		Annual revenue; not all up-front	No borrowing State maximum revenue/ pupil	Annual revenue can be used to make payments on debt issue
Capital Project Levy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y	Y		Annual revenue; not all up-front	No borrowing	(lease purchase, capital facilities bonds, capital notes)

Current Outstanding Debt

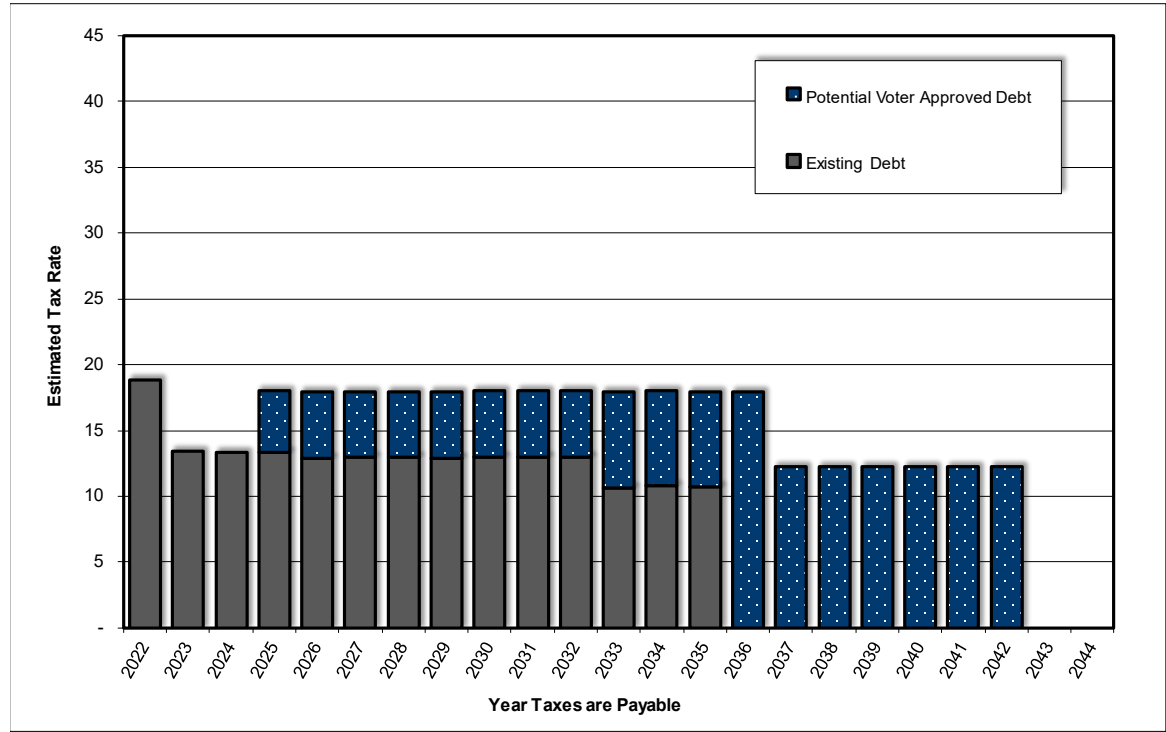
General Obligation	Original Par Amount	Current Outstanding	Final Maturity	Optional Redemption	Callable Coupon Range	Callable Amount	Paying Agent
General Obligation Facilities Maintenance and School Building Refunding Bonds, Series 2016A	\$ 1,200,000	\$ 400,000	02/01/2027		***** Non-callable *****		Bond Trust Services Corporation
General Obligation School Building Refunding Bonds, Series 2021A	\$ 10,935,000	\$ 9,640,000	02/01/2036	02/01/2029	2.000% - 3.000%	\$ 6,065,000	Bond Trust Services Corporation
Subtotal		\$ 10,040,000					
Total Outstanding		\$ 10,040,000					



Potential School Building Bonds - \$7,000,000

Lake of the Woods School District No. 390
Estimated Tax Rates for Capital and Debt Service Levies
Existing Commitments and Proposed New Debt
Potential November 2024 Election

\$7,000,000 Bond Issue
18 Tax Levies
Wrapped Around Existing Debt



Potential School Building Bonds - \$7,000,000 Tax Impact

Bond Issue Amount	\$7,000,000
Average Interest Rate	5.00%
Number of Years	18 Tax Levies

Type of Property	Estimated Market Value	Estimated Impact on Annual Taxes Payable in 2025*
Residential Homestead	\$50,000	\$14
	75,000	21
	100,000	29
	125,000	42
	150,000	54
	175,000	67
	200,000	80
	250,000	105
	300,000	130
	400,000	181
Commercial/ Industrial	500,000	232
	\$50,000	\$35
	100,000	70
	250,000	198
	500,000	430
1,000,000	895	
Agricultural Homestead** (average value per acre of land & buildings)	\$1,500	\$0.10
	2,000	0.14
	2,500	0.17
	3,000	0.21
	3,500	0.24
	4,000	0.28
Agricultural Non-Homestead** (average value per acre of land & buildings)	\$1,500	\$0.21
	2,000	0.28
	2,500	0.35
	3,000	0.42
	3,500	0.49
4,000	0.56	
Seasonal Recreational Residential	\$100,000	\$47
	200,000	93
	300,000	140
	400,000	186
	500,000	233
750,000	378	

PROJECT TYPES

Available Financing Tools for Capital Projects

	New Buildings/ Bldg. Purchase	Building Additions	Building Renovations	Site Improvements	Deferred Maintenance	Health/Safety Projects	Parking Lots	Energy Improvements	Security Improvements	Furnishings/ Equipment	Voter Approval Required	Property Tax Impact	Ag Bond Credit	Limitations	Maximum Borrowing	Other Notes
Facilities Maintenance Bonds (All except old Alt. Fac. Districts)					✓								Y	Payments financed from LTFM revenue	Statutory debt limit	State approval required
			1			✓						Y	Y	HVAC, fire suppression, asbestos over \$100k or remodeling for Pre-K	Statutory debt limit	State approval required
Facilities Maintenance Bonds (Old Alt. Fac. Districts)			1		✓	✓						Y	Y	None	Statutory debt limit	State approval required

- Facilities Maintenance Bonds can be used to finance building remodeling required to accommodate state-funded voluntary pre-kindergarten programs.

Facilities Maintenance Bonds

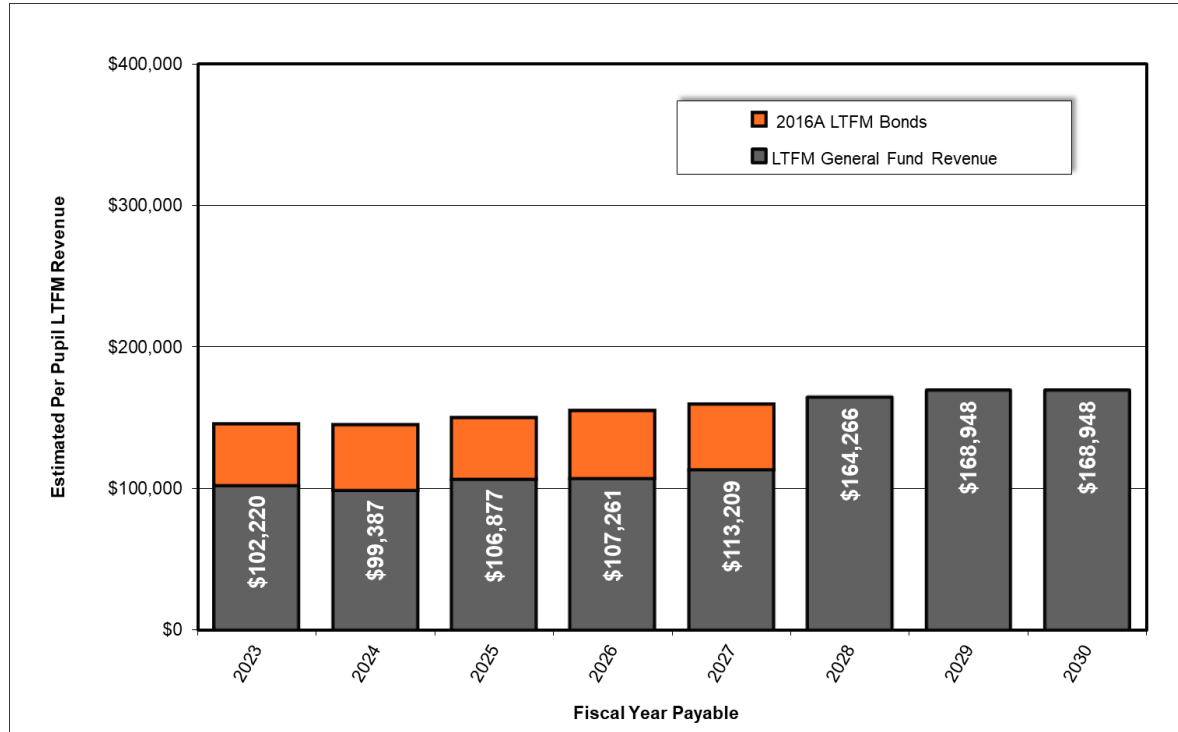
- 2016A Facilities Maintenance Bonds
 - ✓ \$360,000 deferred maintenance portion
 - ✓ Bonded against long term facilities maintenance revenue
 - ✓ Receive 70% Ag Bond Credit

Facilities Maintenance Bonds – Deferred Maintenance

Lake of the Woods School District No. 390

Estimated Per Pupil Long-Term Facilities Maintenance Revenue

Estimates of LTFM Revenue and Bond Payments



PROJECT TYPES

Available Financing Tools for Capital Projects

	New Buildings/ Bldg. Purchase	Building Additions	Building Renovations	Site Improvements	Deferred Maintenance	Health/Safety Projects	Parking Lots	Energy Improvements	Security Improvements	Furnishings/ Equipment	Voter Approval Required	Property Tax Impact	Ag Bond Credit	Limitations	Maximum Borrowing	Other Notes
Capital Facilities Bonds			✓	✓		✓	✓	✓	✓				Y	Payments financed from general fund revenue	Annual pmts. can't exceed operating capital revenue	State approval required
Capital Notes										✓			Y	Payments financed from general fund revenue	Annual pmts. can't exceed operating capital revenue	State approval required

PROJECT TYPES

Available Financing Tools for Capital Projects

	New Buildings/ Bldg. Purchase	Building Additions	Building Renovations	Site Improvements	Deferred Maintenance	Health/Safety Projects	Parking Lots	Energy Improvements	Security Improvements	Furnishings/ Equipment	Voter Approval Required	Property Tax Impact	Ag Bond Credit	Limitations	Maximum Borrowing	Other Notes
Lease Purchase without Levy	✓	✓		✓			✓			✓				Payments financed from general fund revenue		
Lease Purchase with Levy	2	✓		3								Y		Instructional & school storage use only Additions limited to 20% of existing building space	Annual lease levy limited to \$212/pupil	Annual state approval required with upfront capital lease approval prior to financing

- Lease levy can be used for new buildings, building purchases, or building additions under 20% of existing building, but only if the facilities are used for instruction or school storage, and not for "regular elementary or secondary instruction." Permitted examples would include buildings used for early childhood education, special education, alternative learning centers or adult education.
- Lease levy can be used for site improvements for cocurricular or other instructional uses, e.g., athletic fields and tracks.

Lease Levy

Lease Purchase Financing

- ✓ Existing Lease for Ice Arena
\$68,000 annual payment

Pay 24 Lease Levy Limits	
Pupil Units	437.00
Max per Pupil Unit	212.00
Maximum Lease Levy	92,644.00
Existing Lease Levy	68,000.00
Available Capacity	24,644.00

Available Financing Tools for Capital Projects

PROJECT TYPES

	New Buildings/ Bldg. Purchase	Building Additions	Building Renovations	Site Improvements	Deferred Maintenance	Health/Safety Projects	Parking Lots	Energy Improvements	Security Improvements	Furnishings/ Equipment	Voter Approval Required	Property Tax Impact	Ag Bond Credit	Limitations	Maximum Borrowing	Other Notes
Abatement Bonds							✓					Y	Y	Permitted uses limited to parking construction & improvements	Annual debt service limited to 10% of NTC	Public hearing required

