

Staff Compensation and Budget Ad Hoc Committee – Regular Session – October 10, 2024

Ad Hoc Members Present: Terry Larsen, Pamela Peterson, Kim Johnson

Others Present: District Administrator, Joshua Hetfeld, District Accountant, Crystal Houman, and Debby Brunett, Baird Representative (Via Zoom)

Terry Larsen called the meeting to order at 3:02 p.m.

Debby Brunett, Baird Representative, was present via Zoom to help facilitate the discussion regarding District debt defeasance. The basic concept is that the board would add an additional amount to the Fund 30 portion of the tax levy. In our case, the suggested amount is \$750,000, which is the equivalent of our annual principal payment on the bond that was issued for the last referendum. One of the main reasons for considering this would be to try and keep our mill rate the same. The mill rate for the district has been dropping each year due to the increase in District property values. We are anticipating having to go to a referendum again in the near future as there are some major operating/structural costs approaching. By defeasing our payments, it would save the district roughly \$50,000 in interest payments over 4 years. The funds that would be collected would be put in an escrow account that would be at the same interest rate we are paying. Federal law restricts the rate of interest to not more than the borrowed rate.

Crystal presented us with the current Revenue Limit Worksheet. This will be finalized by the state on October 15th. Due to the fact that we receive so little state aid, the numbers will not change much.

Currently, if we do not add additional funds, the tax levy will increase by approximately 2% with the mill rate dropping from \$3.39 to \$3.06. If we add additional tax, the increase will be just under 12% and the mill rate would be \$3.35.

The committee could see the benefits of going forward with this, but also are concerned with the perception of our voters if we abruptly add this to the levy. We discussed the option of waiting one year, and tie it in with the District's Strategic Plan. This would allow us to communicate and educate the community on the benefits of this type of procedure. Crystal presented an example of a flyer that another District had sent out to their community in July, prior to setting their levy in October, that informed them of the benefits that it would have on their District. The committee felt it would be best to call a special meeting on October 14 at 5:00 p.m. to include the full board in this discussion.

Joshua and Crystal reported that they had been discussing Fund 80 (the Community Service Fund), and some different options that are available. After talking with Eleva Strum (this is the School District we modeled our Tiger Tech program after), it appears that some of the cost of our Tiger Tech program could be funded through Fund 80. There has not been an increase in the tax levy for approximately four years, and they would like to add an additional \$20,000 to the levy. Crystal plugged this figure into the revenue limit worksheet, and it only changed the mill rate by one cent. The committee is recommending this change.

Due to time constraints, the committee decided to postpone the remainder of the agenda and reschedule another meeting for the ad hoc committee to meet on Monday, October 14th at 4:00 p.m.

Motion by Pam Peterson/Kim Johnson to adjourn the meeting at 5:15 p.m. Motion carried.

Respectfully submitted,


Kim Johnson