

**NORTHFIELD PUBLIC SCHOOLS**  
**Office of the Superintendent**  
**Memorandum**

**TO:** Board of Education  
**FROM:** Matt Hillmann Ed.D., Superintendent  
**RE:** Table File Items for May 28, 2019, Regular School Board Meeting

V. Items for Discussion and Reports

C. Proposed 2019-2020 General Fund Budget

Val Mertesdorf has provided additional information regarding the Proposed 2019-2020 General Fund Budget.

VI. Committee Reports

Julie Pritchard will provide an update on Schools for Equity in Education.

VII. Consent Agenda

D. Personnel Items

a) Appointments

11. Paige Haley, 1.0 FTE 4<sup>th</sup> Grade Teacher at Bridgewater, beginning 08/26/2019; MA, Step 2 (2019-2020)
12. Melanie Klein, 1.0 FTE Special Education ASD Teacher at Sibley, beginning 08/26/2019; BA+45, Step 3 (2019-2020)
13. Charles Pratt, Summer Recreation Position with Community Services, beginning 06/10/2019-08/31/2019; \$9.86/hr.
14. Terry Rydberg, .6 FTE Art Teacher at the High School, beginning 08/26/2019; BA, Step 3-subject to obtaining MN Licensure. (2019-2020)
15. Theresa Wilson, .6 FTE Business Education Teacher at the High School, beginning 08/26/2019; MA+60, Step 15.

b) Increase/Decrease/Change in Assignment

11. Stephanie Ennis, Summer PLUS Teacher Sub at Greenvale Park, change to Summer PLUS Teacher for up to 5 hours/day Mon.-Thurs. at Greenvale Park, effective 06/13/2019-08/01/2019; Yr. 3-\$27.11/hr.
12. Lisa Krueger-Robb, .80 FTE EL Teacher at the High School, change to 1.0 FTE EL Teacher at the High School, effective 08/26/2019- on going.
13. Teresa Morris, Spec Ed EA-PCA for 4.75 hours/day at Sibley, change to Literacy Support Educational Assistant for 5 hours/day at Sibley, effective 08/27/2019-06/05/2020. Gen Ed Step 4-\$16.52/hr.
14. Karen Roback, Special Ed EA-PCA for 7 hours/day at the High School, change to Special Ed EA-PCA for 6.75 hours/day at the High School, effective 08/27/2019.
15. Ellen Trotman, Summer PLUS Teacher Sub at Greenvale Park, change to Summer PLUS Teacher for up to 5 hours/day Mon.-Thurs. at Greenvale Park, effective 06/13/2019-08/01/2019; Yr. 4-\$27.73/hr.
16. Jessica Weber Van Zuilen, Special Ed EA-PCA for 6.5 hours/day at the High School, change to Special Ed EA-PCA for 6.75 hours/day at the High School, effective 08/27/2019.

c) Leave of Absence

d) Retirements/Resignations/Terminations

5. Robert Garcia, Summer PLUS Teacher at Greenvale Park, declined position effective 5/13/2019.
6. Kayla Tietz, Child Nutrition Associate 1 at the Middle School, resignation effective 06/07/2019.

*\* Conditional offers of employment are subject to successful completion of a criminal background check and Prework screening (if applicable).*

# Financial Planning Model Version XXIV - SchoolFinances.Com

## SUMMARY WORKSHEET

## NORTHFIELD 659

	Budget Year				
	2017-18	2018-19	2019-20	2020-21	2021-22
<b>INPUT WORKSHEET</b>					
Pupil Unit Value	1.00% Change	\$6,312	\$6,375	\$6,439	\$6,503
Percent of Fall WADM to EOY WADM		100.00%	100.00%	100.00%	100.00%
Referendum per APU		9409.69	9409.69	9409.69	9409.69
<b>ENROLLMENT WORKSHEET</b>					
Pre K, Handicapped, K, Grade 1-6 Enrollment	2,085	2,043	1,976	1,966	1,978
Grades 7 - 12 Enrollment	2,002	2,067	2,074	2,079	2,071
EC & Kindergarten - Grade 12 Enrollment	4,044	4,070	4,015	4,009	4,008
Enrollment change from Previous Year		26	(55)	(6)	(1)
APU's FY15	4,044.03	4,070.12	4,015.35	4,009.25	4,008.18
Beginning of Year APU CHANGES		26.09	(54.76)	(6.11)	(1.06)
<b>REVENUE WORKSHEET</b>					
Estimated Adjusted Pupil Units	4,444.38	4,476.40	4,423.20	4,418.06	4,415.35
BASIC		\$28,255,037	\$28,198,458	\$28,447,301	\$28,714,137
REFERENDUM		\$8,806,511	\$8,896,789	\$9,081,979	\$9,282,292
Other Formula Revenue	See Revenue Worksheet	\$5,104,337	\$5,077,697	\$5,060,370	\$5,057,512
Total Projected Non-Formula Revenue		\$11,653,920	\$11,893,008	\$12,027,976	\$12,165,302
<b>TOTAL Rev. (Gen/Trans/Capital)</b>	<b>\$50,434,607</b>	<b>\$53,928,294</b>	<b>\$54,268,107</b>	<b>\$54,733,982</b>	<b>\$55,331,192</b>
<b>EXPENDITURE WORKSHEET</b>					
Salaries and Wages	\$30,294,064	\$31,109,225	\$31,785,860	\$32,831,711	\$33,816,662
Employee Benefits	\$10,995,931	\$11,283,333	\$11,667,710	\$11,950,895	\$12,240,155
Non-Salary and Non-Benefits	\$10,490,833	\$11,101,166	\$10,972,981	\$10,948,762	\$11,794,234
<b>Total Expenditures</b>	<b>\$51,780,842</b>	<b>\$53,493,724</b>	<b>\$54,426,550</b>	<b>\$55,731,368</b>	<b>\$57,851,051</b>
<b>RESERVE WORKSHEET</b>					
TOTAL BEGINNING FUND EQUITY	\$18,059,225	\$16,712,990	\$17,147,560	\$16,989,117	\$15,991,731
VARIANCE = ( REVENUES - EXP. )	-\$1,346,235	\$434,570	-\$158,443	-\$997,386	-\$2,519,859
TOTAL EOY FUND EQUITY & RESERVES	\$16,712,990	\$17,147,560	\$16,989,117	\$15,991,731	\$13,471,872
TOTAL RESTRICTED AMOUNTS	\$5,851,304	\$5,851,304	\$7,054,621	\$8,033,325	\$8,330,401
Variation in Reserves from Prior Year		\$0	\$1,203,317	\$978,704	\$297,076
UNASSIGNED	<b>\$10,861,686</b>	<b>\$11,296,256</b>	<b>\$9,934,496</b>	<b>\$7,958,406</b>	<b>\$5,141,471</b>
Unrestricted/EOY APU	\$2,443.91	\$2,523.51	\$2,246.00	\$1,801.34	\$1,164.45
S.O.D. Reserve Amount	\$10,861,686	\$11,296,256	\$9,934,496	\$7,958,406	\$5,141,471
S.O.D. Reserve %%	20.98%	21.12%	18.25%	14.28%	8.89%
-2.5% or less is S.O.D.	O.K.	O.K.	O.K.	O.K.	O.K.
GOAL RESERVE AMOUNT	\$8,284,935	\$8,558,996	\$8,708,248	\$8,917,019	\$9,256,168
GOAL ACHIEVED	YES	YES	YES	NO	NO
PLAN CHANGES NEEDED F/GOAL	\$0	\$0	\$0	-\$958,613	-\$4,114,697

# Financial Planning Model Version XXIV - SchoolFinances.Com

## SUMMARY WORKSHEET

## NORTHFIELD 659

	Budget Year				
	2017-18	2018-19	2019-20	2020-21	2021-22
<b>INPUT WORKSHEET</b>					
Pupil Unit Value <span style="background-color: #d9ead3;">2.00% Change</span>		\$6,312	\$6,438	\$6,567	\$6,633
Percent of Fall WADM to EOY WADM		100.00%	100.00%	100.00%	100.00%
Referendum per APU		9409.69	9409.69	9409.69	9409.69
<b>ENROLLMENT WORKSHEET</b>					
Pre K, Handicapped, K, Grade 1-6 Enrollment	2,085	2,043	2,006	1,966	1,978
Grades 7 - 12 Enrollment	2,002	2,067	2,074	2,079	2,071
EC & Kindergarten - Grade 12 Enrollment	4,044	4,070	4,045	4,009	4,008
Enrollment change from Previous Year		26	(25)	(36)	(1)
APU's FY15	4,044.03	4,070.12	4,045.35	4,009.25	4,008.18
Beginning of Year APU CHANGES		26.09	(24.76)	(36.11)	(1.06)
<b>REVENUE WORKSHEET</b>					
Estimated Adjusted Pupil Units	4,444.38	4,476.40	4,453.16	4,418.06	4,415.35
BASIC		\$28,255,037	\$28,670,492	\$29,013,403	\$29,285,527
REFERENDUM		\$8,806,511	\$8,957,035	\$9,081,979	\$9,282,292
Other Formula Revenue <span style="float: right;">See Revenue Worksheet</span>		\$5,104,337	\$5,112,001	\$5,063,108	\$5,060,249
Total Projected Non-Formula Revenue		\$11,653,920	\$12,284,837	\$12,428,323	\$12,574,345
<b>TOTAL Rev. (Gen/Trans/Capital)</b>	<b>\$50,434,607</b>	<b>\$53,928,294</b>	<b>\$55,174,191</b>	<b>\$55,758,428</b>	<b>\$56,314,460</b>
<b>EXPENDITURE WORKSHEET</b>					
Salaries and Wages	\$30,294,064	\$31,109,225	\$32,805,553	\$33,880,534	\$34,895,218
Employee Benefits	\$10,995,931	\$11,283,333	\$12,083,451	\$12,379,712	\$12,682,346
Non-Salary and Non-Benefits	\$10,490,833	\$11,101,166	\$10,839,520	\$10,828,285	\$11,671,348
<b>Total Expenditures</b>	<b>\$51,780,842</b>	<b>\$53,493,724</b>	<b>\$55,728,524</b>	<b>\$57,088,531</b>	<b>\$59,248,911</b>
<b>RESERVE WORKSHEET</b>					
TOTAL BEGINNING FUND EQUITY	\$18,059,225	\$16,712,990	\$17,147,560	\$16,593,226	\$15,263,123
VARIANCE = ( REVENUES - EXP. )	-\$1,346,235	\$434,570	-\$554,334	-\$1,330,103	-\$2,934,451
TOTAL EOY FUND EQUITY & RESERVES	\$16,712,990	\$17,147,560	\$16,593,226	\$15,263,123	\$12,328,672
TOTAL RESTRICTED AMOUNTS	\$5,751,573	\$5,991,949	\$6,388,996	\$6,888,624	\$7,145,020
Variation in Reserves from Prior Year		\$240,376	\$397,047	\$499,628	\$256,396
<b>UNASSIGNED</b>	<b>\$10,961,417</b>	<b>\$11,155,611</b>	<b>\$10,204,230</b>	<b>\$8,374,499</b>	<b>\$5,183,652</b>
Unrestricted/EOY APU	\$2,466.35	\$2,492.09	\$2,291.46	\$1,895.52	\$1,174.01
S.O.D. Reserve Amount	\$10,961,417	\$11,155,611	\$10,204,230	\$8,374,499	\$5,183,652
S.O.D. Reserve %	21.17%	20.85%	18.31%	14.67%	8.75%
-2.5% or less is S.O.D.	O.K.	O.K.	O.K.	O.K.	O.K.
<b>GOAL RESERVE AMOUNT</b>	<b>\$8,284,935</b>	<b>\$8,558,996</b>	<b>\$8,916,564</b>	<b>\$9,134,165</b>	<b>\$9,479,826</b>
<b>GOAL ACHIEVED</b>	YES	YES	YES	NO	NO
<b>PLAN CHANGES NEEDED F/GOAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$759,666</b>	<b>-\$4,296,174</b>



# Committee Report

*Board of Education*

**Name:** Julie Pritchard      **Committee:** Schools for Equity in Education

**Date Submitted:** 5/26/2019 22:52:40

---

2019 Legislative Update: Final Education Omnibus Bill

- \*Total spending on K12 Education is \$543 million for the Biennium.
- \*88% is on the basic formula and the special education cross-subsidy.
- \*Increases the formula 2% for each of the next two years (\$389 million)
- \*Increase in referendum equalization (\$10 million in tax omnibus bill)
- \*Preserves funding for 4,000 existing voluntary pre-k seats (\$47 million)
- \*Provides safe schools aid (\$30 million)
- \*Increase to the Ag To School credit incrementally to 70% in four years
- \*Policy items were kept to a minimum.

Building an Equitable School System

- \*Presentation by Dr. Killian and Paul Winkelaar from Ed Minnesota
- \*Strengthening Communities and Accelerating Student Learning: The need for Restorative Practices and Trauma-informed Schools in Minnesota
- \*Discussion points included Adverse Childhood Experiences impact on students
- \*Systematic racism

May 23, 2019

## Sale Day Report for

Independent School District No. 659 (Northfield  
Public Schools), Minnesota

\$606,402 2019 Lease Purchase



**Prepared by:**

Joel Sutter, CIPMA  
Senior Municipal Advisor

Jeff Seeley, CIPMA  
Senior Municipal Advisor

And

Barbie Doyle  
Financial Specialist

# Sale Day Report – May 23, 2019

Independent School District No. 659 (Northfield Public Schools), MN  
\$606,402 2019 Lease Purchase

**Purpose:** The Lease Purchase will finance the purchase of an existing property used for storage of buildings and grounds equipment and supplies.

The Lease Purchase will not be a general obligation of the District. Payments will be subject to annual appropriation of funds by the School Board, as required by statute. The District intends to finance payments through its annual lease levy authorized by Minnesota Statutes, Section 126C.40, Subdivision 1.

**Number of Proposals:** 3

**Recommended Lessor:** Capital One Public Funding LLC

**Interest Rate of Recommended Proposal:** 2.88%

**Closing Date:** June 26, 2019

**School Board Action:** Adopt the resolution approving and authorizing the execution of a lease agreement, a ground lease agreement, and related documents and certificates

**Notes:** Other proposals received were from Bremer Bank (3.25%) and Kinetic Leasing (3.85%).

The resolution will accept the proposal from Capital One Public Funding and authorize the Director of Finance to execute the agreements required to complete the lease purchase.

**Attachments:**

- Recommendation Letter
- Proposal Comparison
- Updated Financing Schedules
- Resolution Approving a Lease Agreement (provided separately)



May 28, 2019

Valori Mertesdorf  
Northfield Public Schools  
1400 Division Street South  
Northfield, MN 55057

**RE: Lease Purchase Financing for Buildings and Grounds Facility**

On May 8, we sent out a Request for Proposals (RFP) for a Lease Purchase to finance the acquisition of the Buildings and Grounds facility. The RFP was sent to six banks and leasing companies as requested by the district. We requested financing for an estimated amount of \$607,000 to be repaid over ten years. We received proposals from three firms, and the results are summarized in the attached table.

The proposals we received included interest rates of 3.25% from Bremer Bank , 2.88% from Capital One Public Funding, and 3.85% from Kinetic Leasing. In our Pre-Sale Report, we included an estimated rate of 3.75%.

For lease purchase proposals, we base our financial comparison of the proposals on two primary factors: the interest rate and the up-front cost that the district would incur to execute the lease purchase. Both can affect the ultimate cost to the district of the lease purchase. We also compare other proposed terms, which may differ substantially among proposals.


The attached comparison table shows the estimated annual payments and total payments for each of the proposals (after adjusting the lease amount for differences in up-front costs), as well as other features of the proposals. The total payments over the life of the proposals are estimated at \$697,529 for Capital One Public Funding, \$711,027 for Bremer Bank, and \$728,701 for Kinetic Leasing.

The proposal from Capital One has the lowest overall cost to the district - approximately \$13,500 lower than the second-best proposal and \$29,600 lower than our Pre-Sale estimate. The only other substantive difference among the proposals is in the provisions for prepayment of the lease purchase. We don't believe the differences in those provisions would offset the benefit of the lower cost of the Capital One proposal.

Based on the factors summarized above, we would recommend that **the Board adopt the resolution prepared by your bond attorney, approving the proposal from Capital One Public Funding with a fixed interest rate of 2.88%.**

If you have any questions about the proposals, please contact us.

Sincerely,



Joel Sutter, Senior Municipal Advisor



Jeff Seeley, Senior Municipal Advisor

Lease Purchase Financing  
Comparison of Proposals

Proposed Lessor	Bremer Bank St. Paul, MN	Capital One Public Funding Melville, NJ	Kinetic Leasing Fargo, ND
<b>Estimated Issuance Costs</b>			
Financial Advisor	\$8,000	\$8,000	\$8,000
Lessee's Counsel	7,500	7,500	7,500
Other (see list below)	2,000	903	0
<b>Total</b>	\$17,500	\$16,403	\$15,500
<b>Lease Amount <sup>1</sup></b>	\$607,500	\$606,403	\$605,500
<b>Interest Rate</b>	3.25%	2.88%	3.85%
<b>Semi-Annual Payments <sup>2</sup></b>	\$35,551	\$34,876	\$36,435
<b>Annual Payments <sup>2</sup></b>	\$71,103	\$69,753	\$72,870
<b>Final Payment</b>	4/1/2029	4/1/2029	4/1/2029
<b>Term (Years)</b>	10	10	10
<b>Total Payments <sup>2</sup></b>	\$711,027	\$697,529	\$728,701
<b>Other Fees/Requirements</b>	Lessor legal counsel and title services	Lender's title policy	None
<b>Escrow Account</b>	Not Required	As Needed	As Needed
<b>Prepayment Options</b>	Can be prepaid on or after April 1, 2022 at par plus accrued interest	Can be prepaid on any payment date on or after April 1, 2024 at par	Can be prepaid on any payment date at par plus a specified prepayment penalty

<sup>1</sup> To fully account for all costs, the lease amount for each proposal has been adjusted to account for differences in issuance costs.



Financing Schedules for Lease Purchase of Buildings and Grounds Facility

Sources and Uses of Funds

<b>Lease Amount</b>	<b>\$606,402.50</b>
<b>Sources of Funds</b>	
Par Amount of Lease	\$606,402.50
Other District Funds	\$0.00
<b>Total Sources</b>	<b>\$606,402.50</b>
<b>Uses of Funds</b>	
Financial Advisor Fee	\$8,000.00
Bond Attorney	\$7,500.00
Title Insurance	\$902.50
<b>Net Available for Project Costs</b>	<b>\$590,000.00</b>
<b>Total Uses</b>	<b>\$606,402.50</b>

Payment Schedule

Amount:	\$606,402.50		
Closing Date	6/26/2019		
Interest Rate:	2.88%		
No. of Years	10		
Semi-Annual Payment	\$34,876.43		
Annual Payments	\$69,752.86		
<b>Payment</b>			
No.	Date	Principal	Interest
1	10/1/2019	\$30,267.77	\$4,608.66
2	4/1/2020	26,580.09	8,296.34
3	10/1/2020	26,962.85	7,913.59
4	4/1/2021	27,351.11	7,525.32
5	10/1/2021	27,744.97	7,131.47
6	4/1/2022	28,144.49	6,731.94
7	10/1/2022	28,549.77	6,326.66
8	4/1/2023	28,960.89	5,915.54
9	10/1/2023	29,377.93	5,498.50
10	4/1/2024	29,800.97	5,075.46
11	10/1/2024	30,230.10	4,646.33
12	4/1/2025	30,665.42	4,211.01
13	10/1/2025	31,107.00	3,769.43
14	4/1/2026	31,554.94	3,321.49
15	10/1/2026	32,009.33	2,867.10
16	4/1/2027	32,470.27	2,406.17
17	10/1/2027	32,937.84	1,938.59
18	4/1/2028	33,412.14	1,464.29
19	10/1/2028	33,893.28	983.15
20	4/1/2029	34,381.34	495.09
<b>Totals</b>		<b>\$606,402.50</b>	<b>\$91,126.14</b>
Annual Payments		\$69,752.86	
Existing Lease Levy for Facility		\$60,894.00	
Change in Lease Levy		\$8,858.86	
Est. Tax Rate, Payable in 2020		0.03%	

Estimated Tax Impact Schedule

Type of Property	Estimated Market Value	Estimated Annual Taxes*
Residential Homestead	\$100,000	\$0
	150,000	0
	200,000	1
	300,000	1
	400,000	1
	500,000	1
Commercial/Industrial <sup>+</sup>	600,000	2
	\$250,000	\$1
	1,000,000	6
	2,000,000	12
Ag Homestead**	\$4,000	\$0.01
	(average value per acre of land and buildings) 5,000	0.01
	6,000	0.01
	8,000	0.01
Ag Non-Homestead**	\$4,000	\$0.01
	(average value per acre of land and buildings) 5,000	0.01
	6,000	0.02
	8,000	0.02

\* The figures in the table are based on school district taxes for the potential new lease levy only, and do not include tax levies for other purposes. Tax increases shown above are gross increases, not including the impact of the homeowner's Homestead Credit Refund ("Circuit Breaker") program. Many owners of homestead property will qualify for a refund, based on their income and total property taxes. This will decrease the net effect of the proposed lease levy for many property owners.

+ For commercial-industrial property, the tax impact estimates above are for property in Rice and Goodhue counties. For commercial-industrial property in Dakota county, the tax impact would be less than shown above, due to the impact of the Twin Cities Fiscal Disparities program.

\*\* Average value per acre is the total assessed value of all land & buildings divided by total acres. Homestead examples exclude the house, garage, and one acre, which has the same tax impact as a residential homestead.