

TODD COUNTY BOARD OF COMMISSIONERS

Work Session Agenda

Date: May 16th, 2017

Time: To Follow County Board Meeting Approx. 10:00 A.M.

Meeting to be held at the Historic Courthouse 215 1st Avenue So, Long Prairie, Minnesota

Item #		Approx. Time
1	Ehlers Presentation - Financial Analysis in regards to the Dissolution of Eagle Valley 2759 School District	10:00 a.m.



Summary of Eagle Valley School District Dissolution and Attachment to Browerville or Bertha-Hewitt School Districts May 12, 2017

Background

The Eagle Valley school district will dissolve as of June 30, 2017. The Todd County board will ultimately be responsible for attaching the property currently in the district to the neighboring districts. Both the Bertha-Hewitt and Browerville school districts have contracted with Ehlers to conduct an analysis of the financial impact of the proposed reorganization on their district. Ehlers advised the districts that the reorganization would have two primary financial effects: changes in district revenues, and changes in property taxes paid by property owners in the realigned districts, and

All analysis is based on revenue for the 2017-18 fiscal year and on property taxes payable in 2017. Restricting the analysis to a year in which reliable estimates of revenue are known, and in which property taxes have already been calculated, will create a valid base line of data to assess the approximate impact in future years.

Assumptions, Methodology, and Sources of Data

1. Todd county provided information on the parcels included in the current Eagle Valley school district, including aggregate tax capacity, referendum market value and square miles of the area.
2. Pupil unit data for the current Eagle Valley district is based on the pay 2017 Levy Limitation and Certification report from the Minnesota Department of Education. Assumptions about pupil unit changes include:
 - a. Resident Pupils
 - i. For the option that attaches all the area of the current Eagle Valley district to Browerville, all resident students as reported by Eagle Valley would be resident students of Browerville.
 - ii. For options that attach only portions of the current Eagle Valley district to another district, the number of resident students for each portion was assumed to be proportional to the amount of referendum market value for that portion of the area.
 - b. Pupils Served
 - i. For all options, it was assumed that an additional 5 students per elementary grade, or 35 students total, would attend Bertha-Hewitt after the reorganization.
 - ii. For all options, the Browerville school district provided an estimate of its projected enrollment after the reorganization. This estimate includes all students who would be counted in average daily membership in the reorganized Browerville district, including students for which the two districts have a tuition agreement, as well as those who would enroll in the district because of the reorganization.
3. Changes in total population and in the population under age 5 of the former Eagle Valley district are based on the current population estimates in the pay 2017 Levy Limitation and Certification report from the Minnesota Department of Education, adjusted proportionately to the amount of referendum market value for that portion of the area; these population figures have an impact on revenue, and levies, for basic community education and early childhood family education.
4. For taxes on debt service, for the Bertha-Hewitt portion we assumed that taxpayers in Eagle Valley would not be liable for any of Bertha-Hewitt's existing debt. For the Browerville portions, we assumed that taxpayers in Eagle Valley would be liable for Browerville's existing debt. These two options for debt service taxes are allowed under Minnesota Statutes Section 123A.45, Subdivision 6, based on discussions with the respective district administrations.
5. For any debt issued after the date of the reorganization, the property in the attached areas would pay taxes for debt issued by the district to which they were attached.
6. For any reorganization operating debt, the assumption is that the levy will be spread over five years over the property of the former Eagle Valley school district only, without debt issuance or interest payments.



Eagle Valley Dissolution

Tax Impact Analysis

Option 1: All Current Eagle Valley Parcels Assigned to Browerville School District

Assumes Debt Taxes Paid Based on Parcel Location Prior to Reorganization (Does not include reorganization operating debt)

	Market Value	Impact on Parcels Currently in Browerville	Impact on Parcels Currently in Eagle Valley
Home	\$100,000	-\$108	\$43
Business	\$100,000	-\$118	\$76
Homestead Farm *	\$420,000	-\$129	\$111
Non-Homestead Farm **	\$320,000	-\$43	\$136

* Average value per acre is approximately \$2,000. Market value assumes a 160 acre farm and a \$100,000 HGA.

** Average value per acre is approximately \$2,000. Market value assumes a 160 acre non-homestead farm.

Eagle Valley Dissolution

Tax Impact Analysis

Option 2: Current Eagle Valley Parcels in the Southern Portion of the District Assigned to Browerville School District, Parcels in the Northern Portion Assigned to Bertha-Hewitt School District

*Assumes Debt Taxes Paid Based on Parcel Location Prior to Reorganization
(Does not include reorganization operating debt)*

	Market Value	<i>Parcels in Bertha-Hewitt After Reorganization</i>		<i>Parcels in Browerville After Reorganization</i>	
		Parcels Currently in Bertha-Hewitt	Parcels Currently in Eagle Valley	Parcels Currently in Browerville	Parcels Currently in Eagle Valley
Home	\$100,000	-\$103	\$172	-\$57	\$93
Business	\$100,000	-\$121	\$225	-\$63	\$132
Homestead Farm *	\$420,000	-\$139	\$281	-\$69	\$171
Non-Homestead Farm **	\$320,000	-\$74	\$218	-\$22	\$155

* Average value per acre is approximately \$2,000. Market value assumes a 160 acre farm and a \$100,000 HGA.

** Average value per acre is approximately \$2,000. Market value assumes a 160 acre non-homestead farm.

Eagle Valley Dissolution

Tax Impact Analysis

Option 3: Current Eagle Valley Parcels in the Eastern Portion of the District Assigned to Browerville School District, Parcels in the Western Portion Assigned to Bertha-Hewitt School District

*Assumes Debt Taxes Paid Based on Parcel Location Prior to Reorganization
(Does not include reorganization operating debt)*

	Market Value	<i>Parcels in Bertha-Hewitt After Reorganization</i> Parcels Currently in Bertha-Hewitt	<i>Parcels in Browerville After Reorganization</i> Parcels Currently in Eagle Valley	<i>Parcels in Browerville After Reorganization</i> Parcels Currently in Browerville	<i>Parcels in Browerville After Reorganization</i> Parcels Currently in Eagle Valley
Home	\$100,000	-\$109	\$165	-\$52	\$99
Business	\$100,000	-\$129	\$217	-\$57	\$138
Homestead Farm *	\$420,000	-\$149	\$271	-\$62	\$178
Non-Homestead Farm **	\$320,000	\$80	\$211	-\$21	\$158

* Average value per acre is approximately \$2,000. Market value assumes a 160 acre farm and a \$100,000 HGA.

** Average value per acre is approximately \$2,000. Market value assumes a 160 acre non-homestead farm.

Eagle Valley School District

Analysis of Tax Impact for Levy for Operating Debt

May 12, 2017

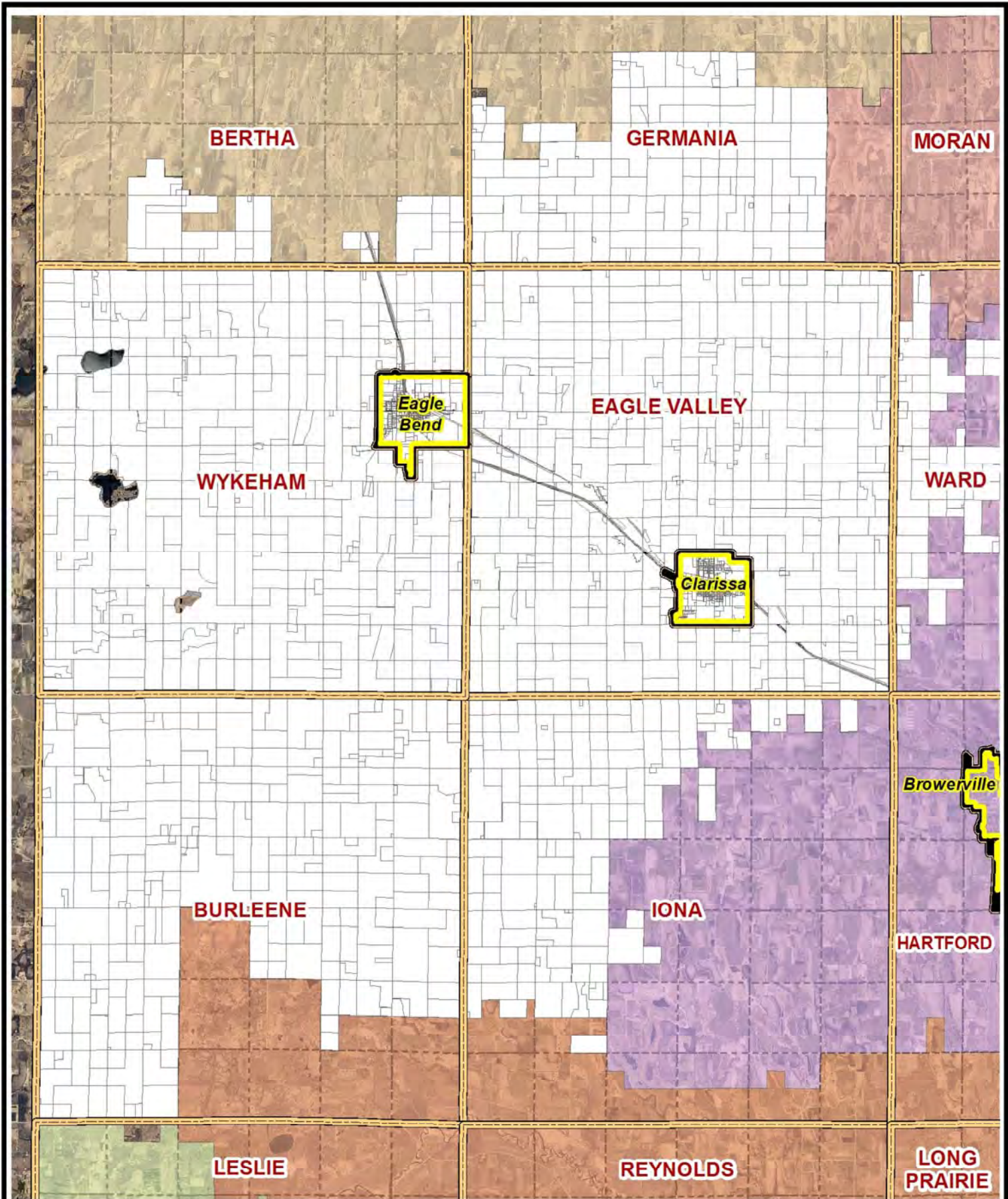
Total Tax Levy for Operating Debt	\$2,000,000
Annual Tax Levy for Operating Debt	\$400,000
Number of Years	5
Estimated NTC Tax Capacity Rate Payable in 2017	24.11%

Type of Property	Estimated Market Value	
Residential Homestead	\$50,000	\$72
	60,000	87
	70,000	101
	80,000	120
	90,000	147
	100,000	173
	200,000	436
Commercial/ Industrial	300,000	699
	\$50,000	\$181
	100,000	362
	250,000	1025
	500,000	2,230
Agricultural Homestead **	1,000,000	4,642
	\$300,000	\$414
	500,000	655
	750,000	957
Agricultural Non-Homestead (dollars per acre)	1,000,000	1,258
	1,900,000	2,343
	\$1,000	\$2.41
	2,000	4.82
	3,000	7.23

* The figures in the table are based on school district taxes for bonded debt and referendum levies only, and do not include tax levies for other purposes. Tax increases shown above are gross increases, not including the impact of the Minnesota 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 bond issue for many property owners.

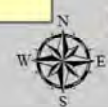
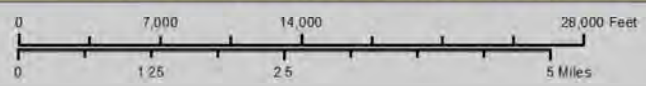
** For agricultural homestead property, a value of \$100,000 was assumed for the house, garage and one acre.



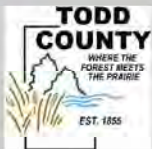
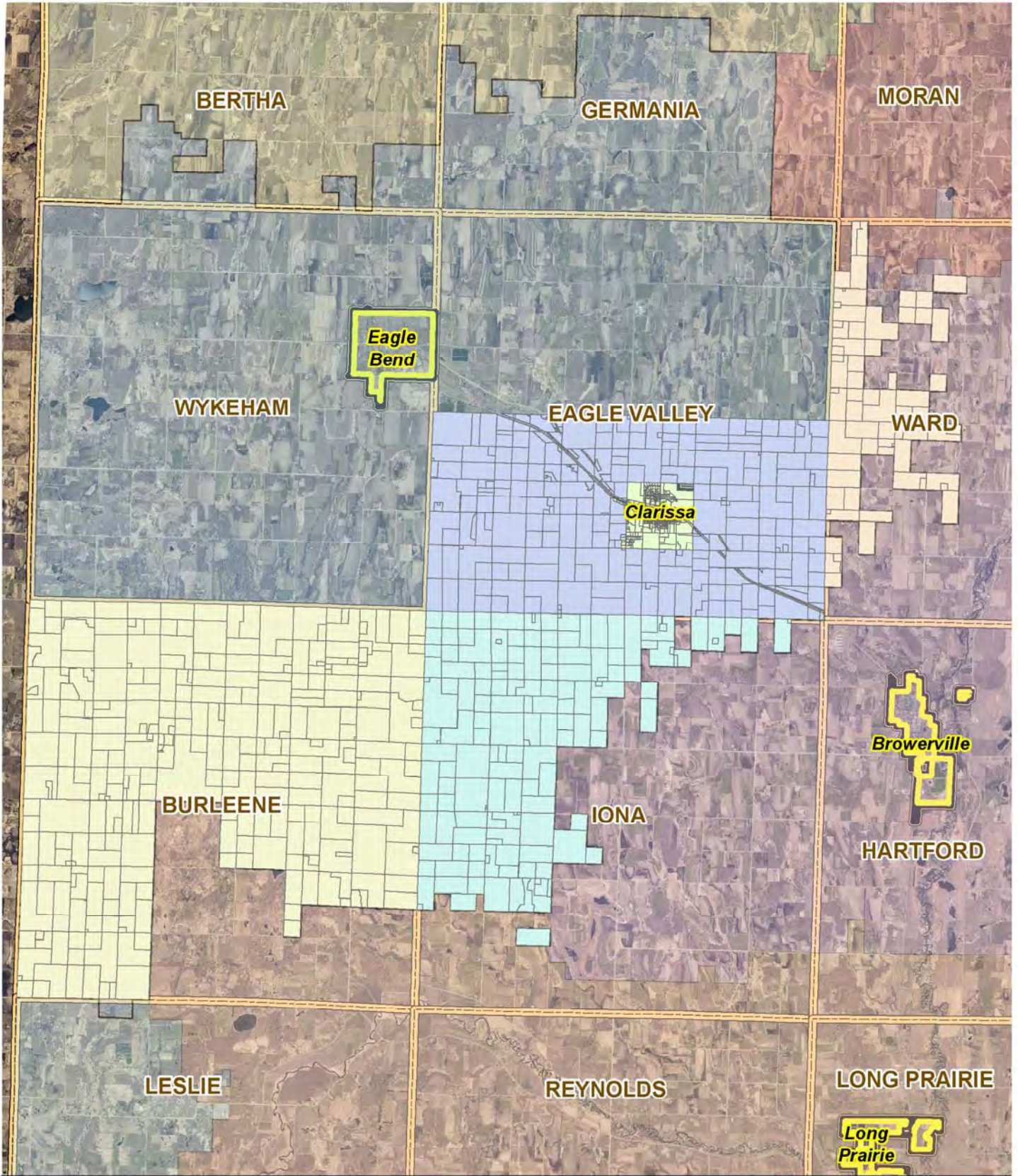


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Eagle Valley School District Dissolution

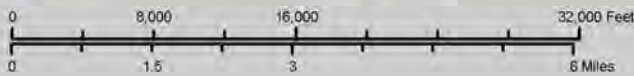


The Todd County GIS & Land Services Department has made every effort to provide the most accurate and up-to-date information available in this publication and cannot be held responsible for any unforeseen errors or omissions.



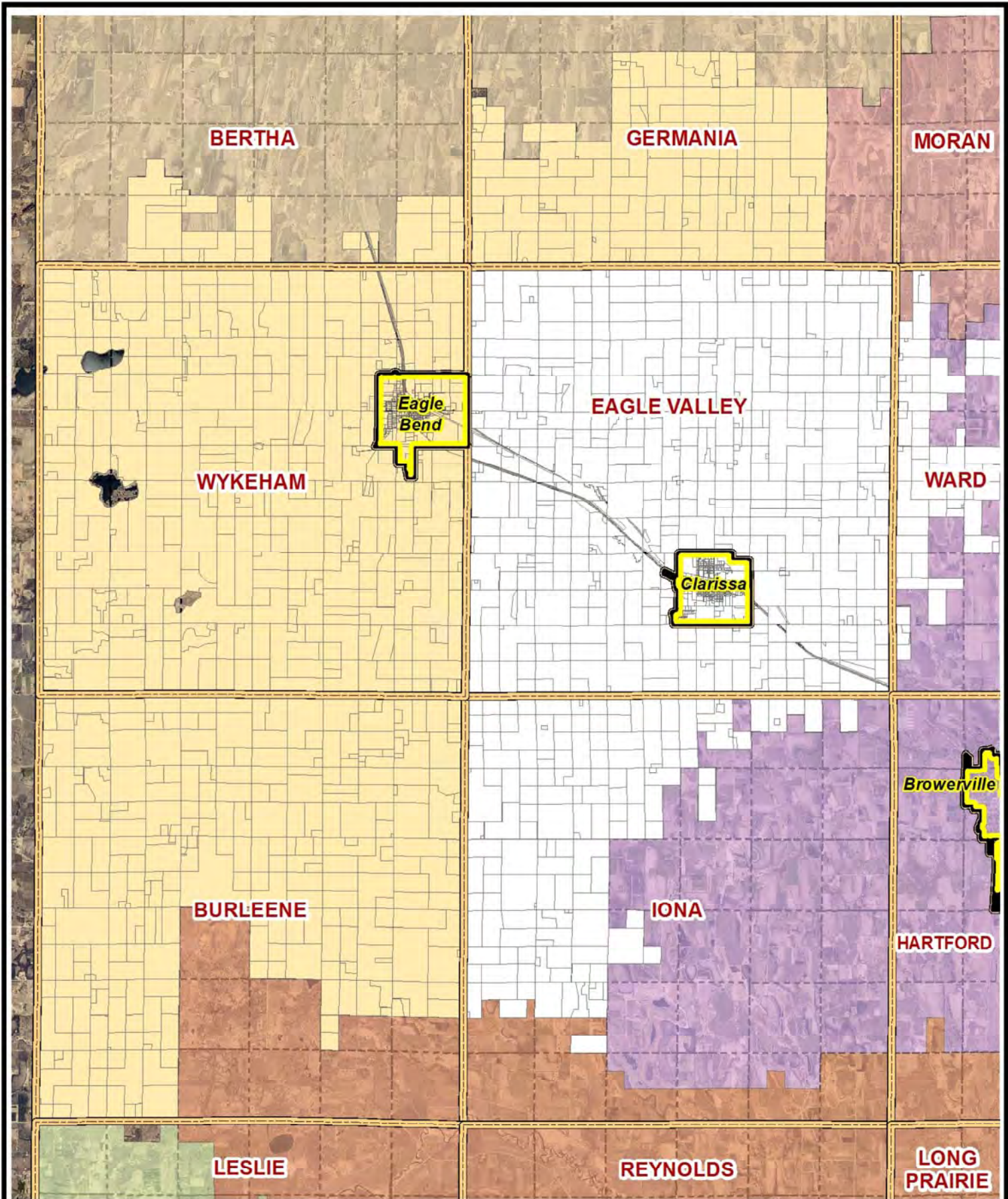
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SITE MAP



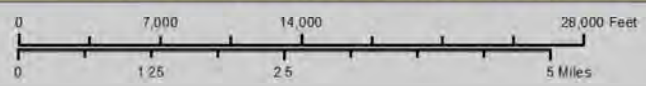
The Todd County GIS & Land Services Department has made every effort to provide the most accurate and up-to-date information available in this publication and cannot be held responsible for any unforeseen errors or omissions. If the recipient wishes to locate parcel corners and property lines, employ the services of a Registered Land Surveyor.

Printed on
 Tuesday, April 11, 2017



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