

# Financing Plan for 2023 Bond Vote

Corning Community School District, Iowa

January 11, 2023

## Financing Plan and Review Process

School Districts have various options for financing projects, all of which were reviewed with the School Board at a meeting in August of 2022. In summary:

- without going to a “GO Bond vote” project proceeds would be limited in comparison to the perceived facility needs of the District
- Statewide Sales Tax dollars could yield approximately \$4,000,000 or project funds but accessing those funds would still require revenue purpose statement renewal for the Sales Tax. Furthermore, borrowing against the future collection of Sales Tax Revenues would provide limitations regarding the annual availability of revenues for ongoing maintenance projects and other facility needs in the future
- Over the past three budget years (FY2021, FY2022, FY2023), the District has been working to pay off the outstanding debt more aggressively, including refinancing the debt associated with the 2010-2011 projects. The various tasks taken on by the District has saved interest for the District’s patrons of approximately \$600,000. The District has been able to accomplish all of this within the existing debt service levy limitation of \$2.70 / \$1000.

## Debt Issuance Details

The District ultimately arrived on the proposed issuance of not to exceed \$19,200,000 of voted General Obligation School Bonds and increasing the maximum levy limitation to \$4.05 / \$1000.

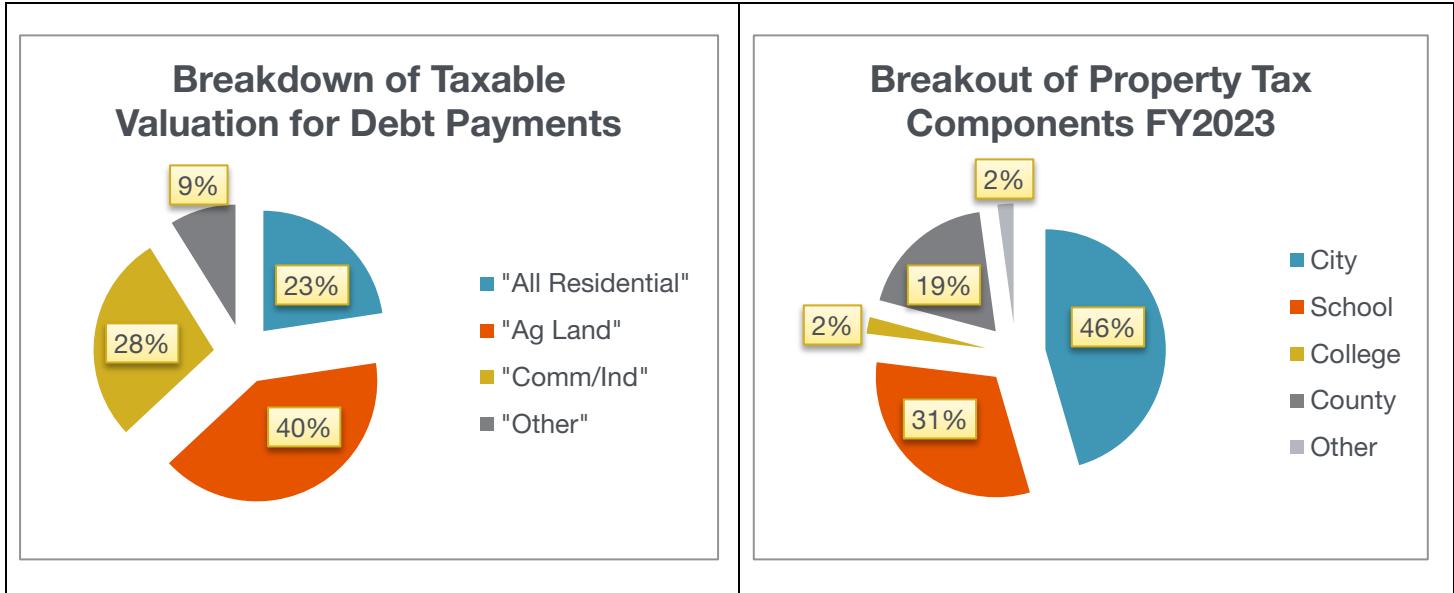
- Issue \$19,200,000 of General Obligation School Bonds
  - Sell a portion of the Bond in the Spring of 2023 and the remainder in the Spring of 2024
  - Assumes interest rates approximately 0.25% higher than current rates
    - Current rates around 3.70%, financial plan using approximately 4.20%
  - Assumes another strong year of valuation growth due to wind turbine valuations still coming onto the tax rolls (5.00%, last 10 years have averaged 6.00%)
- Note: the debt service levy is just one component of the District’s overall levy rate. Due to strong valuation growth over the past few years (largely driven by the wind turbines), it is believed that the District’s overall levy rate increase will be less than the \$1.35 / \$1000 change in the debt service levy rate (see forecast and history on the following page)

## What are we voting on?

Two Items for Consideration for required super-majority approval (60%):

- issue General Obligation Bonds in an amount not to exceed \$19,200,000 to provide funds to build, furnish, and equip an addition to the elementary school with related improvements, to remodel, improve, furnish, and equip the elementary school, and to improve the site
- authorized to levy annually a tax exceeding Two Dollars and Seventy Cents (\$2.70) per Thousand Dollars (\$1,000), but not exceeding Four Dollars and Five Cents (\$4.05) per Thousand Dollars (\$1,000) of the assessed value of the taxable property

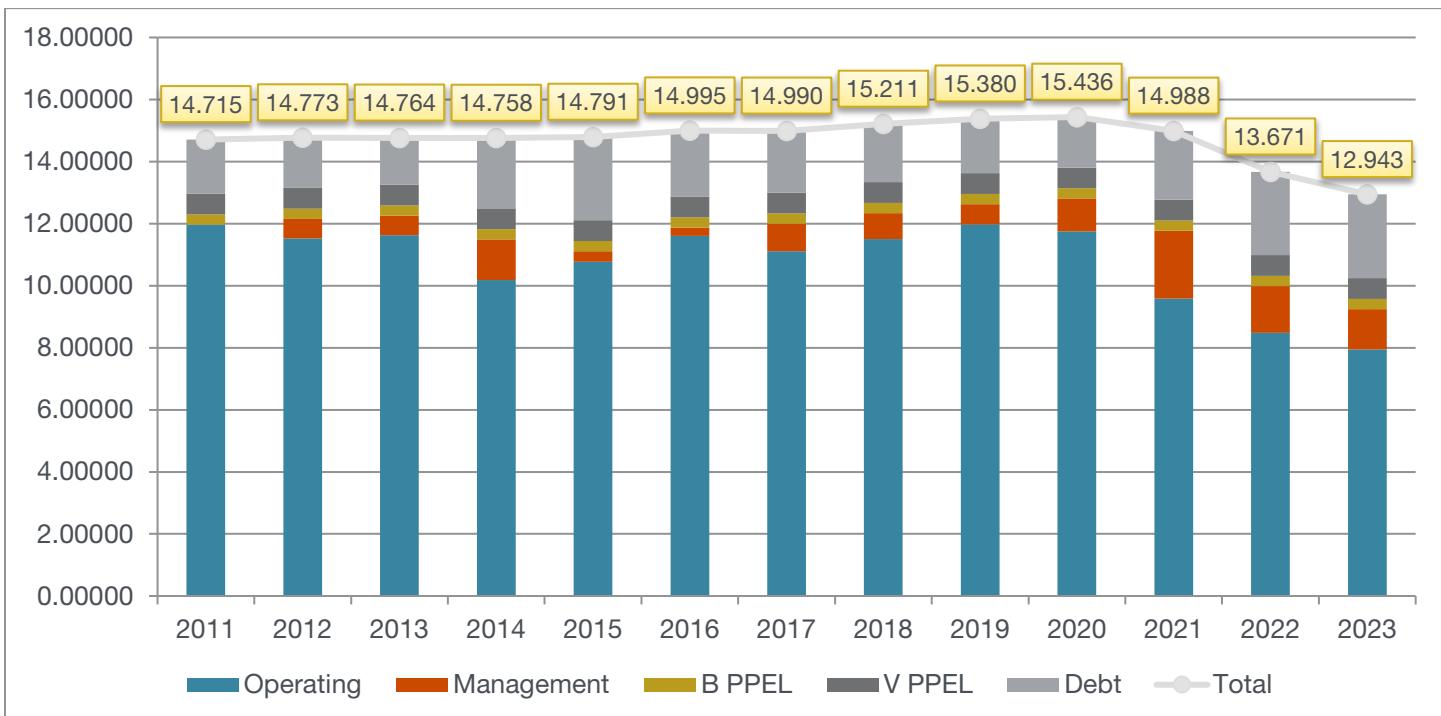
## Understanding Tax Rates



## Tax Rate History – District Comparison FY2011 – FY2023

As you can see in the historical chart below there are multiple moving parts

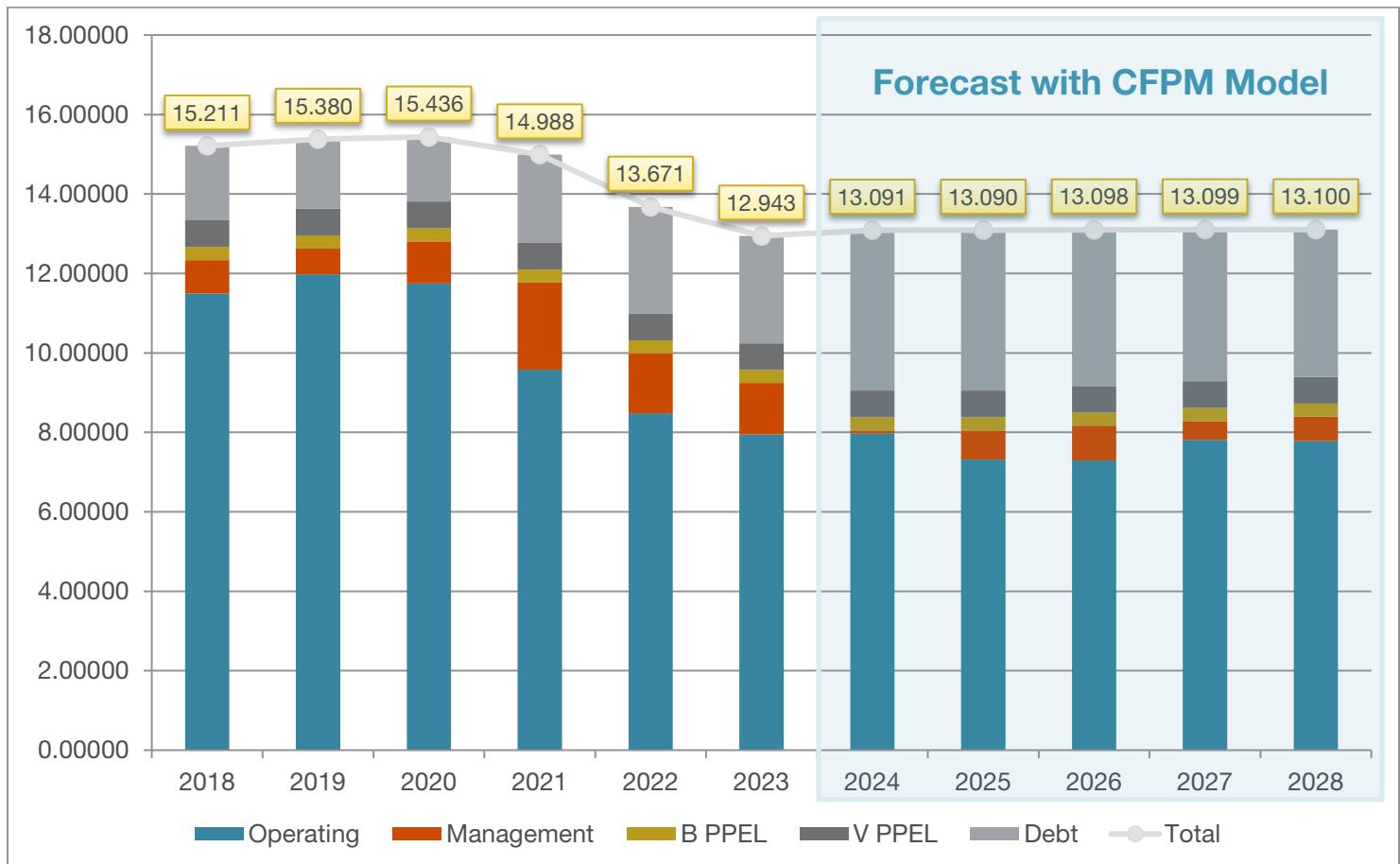
- Strong valuation growth, driven by wind turbine valuations has assisted in an overall decline in District property tax levy rates
- Additionally, the District financial reserves and position have improved, making the District less reliant upon cash reserve levies (part of the operating fund) as they have been in the past.



## Tax Rate Forecast – District Comparison with 5 Year Forecast

As noted in the prior chart, there can be some volatility in the District's overall tax rate:

- While the Debt Service Levy would likely increase by around \$1.35 / \$1000 initially, thus the need for the second ballot questions... the overall levy rate is only forecasted to increase by approximately \$0.15 / \$1000 (see latest financial forecasting model).
- Despite this notation, the District still needs the second ballot question in order to change the components within the overall levy rate to allow the Debt Service to be a larger component of the overall levy rate
- While there are no guarantees regarding the overall levy rate forecast of the District, the District is utilizing a reasonable set of forecasts to arrive at the scenario. It's possible the tax rate increase could be slightly below what's illustrated below:



# Tax Impact Worksheet (overall levy rate impact illustrated)

|                          |  |  |  |  |  |  | per \$1000 |
|--------------------------|--|--|--|--|--|--|------------|
| Current Overall Levy (3) |  |  |  |  |  |  | \$12.94301 |
| Estimated New Levy (4):  |  |  |  |  |  |  | \$13.09075 |
| Estimated Increase:      |  |  |  |  |  |  | \$0.14774  |

| 1/1/2022<br>Assessed<br>Value | 1/1/2022<br>Rollback<br>Percentage | 1/1/2022<br>Taxable<br>Value | Less: Est.<br>Homestead<br>Credit (1)(2) | Net Taxable<br>Value | Estimated<br>Tax Rate<br>per \$1,000 | Annual<br>Additional<br>Tax | Monthly<br>Additional<br>Tax |
|-------------------------------|------------------------------------|------------------------------|--|----------------------|--------------------------------------|-----------------------------|------------------------------|
| <b>Residential Property</b>   |                                    |                              |  |                      |                                      |                             |                              |
| \$50,000                      | x 56.4919% =                       | \$28,246                     | - \$4,850 =                              | \$23,396             | x \$0.15 =                           | \$3.51                      | \$0.29                       |
| \$75,000                      | x 56.4919% =                       | \$42,369                     | - \$4,850 =                              | \$37,519             | x \$0.15 =                           | \$5.63                      | \$0.47                       |
| \$100,000                     | x 56.4919% =                       | \$56,492                     | - \$4,850 =                              | \$51,642             | x \$0.15 =                           | \$7.75                      | \$0.65                       |
| \$125,000                     | x 56.4919% =                       | \$70,615                     | - \$4,850 =                              | \$65,765             | x \$0.15 =                           | \$9.86                      | \$0.82                       |
| \$150,000                     | x 56.4919% =                       | \$84,738                     | - \$4,850 =                              | \$79,888             | x \$0.15 =                           | \$11.98                     | \$1.00                       |
| \$200,000                     | x 56.4919% =                       | \$112,984                    | - \$4,850 =                              | \$108,134            | x \$0.15 =                           | \$16.22                     | \$1.35                       |
| \$250,000                     | x 56.4919% =                       | \$141,230                    | - \$4,850 =                              | \$136,380            | x \$0.15 =                           | \$20.46                     | \$1.70                       |
| \$300,000                     | x 56.4919% =                       | \$169,476                    | - \$4,850 =                              | \$164,626            | x \$0.15 =                           | \$24.69                     | \$2.06                       |

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

|           |              |          |         |          |            |        |        |
|-----------|--------------|----------|---------|----------|------------|--------|--------|
| \$100,000 | x 56.4919% = | \$56,492 | - \$0 = | \$56,492 | x \$0.15 = | \$8.47 | \$0.71 |
|-----------|--------------|----------|---------|----------|------------|--------|--------|

## Commercial / Industrial Property (separate treatment for first 150K)

|             |              |           |         |           |            |          |         |
|-------------|--------------|-----------|---------|-----------|------------|----------|---------|
| \$150,000   | x 56.4919% = | \$84,738  | - \$0 = | \$84,738  | x \$0.15 = | \$12.71  | \$1.06  |
| \$500,000   | x 90.0000% = | \$450,000 | - \$0 = | \$450,000 | x \$0.15 = | \$67.50  | \$5.63  |
| \$1,000,000 | x 90.0000% = | \$900,000 | - \$0 = | \$900,000 | x \$0.15 = | \$135.00 | \$11.25 |

## Agricultural Property (land only on a per acre basis)\*

|         |              |         |         |         |            |        |        |
|---------|--------------|---------|---------|---------|------------|--------|--------|
| \$600   | x 91.6430% = | \$550   | - \$0 = | \$550   | x \$0.15 = | \$0.08 | \$0.01 |
| \$700   | x 91.6430% = | \$642   | - \$0 = | \$642   | x \$0.15 = | \$0.10 | \$0.01 |
| \$800   | x 91.6430% = | \$733   | - \$0 = | \$733   | x \$0.15 = | \$0.11 | \$0.01 |
| \$900   | x 91.6430% = | \$825   | - \$0 = | \$825   | x \$0.15 = | \$0.12 | \$0.01 |
| \$995   | x 91.6430% = | \$912   | - \$0 = | \$912   | x \$0.15 = | \$0.14 | \$0.01 |
| \$1,000 | x 91.6430% = | \$916   | - \$0 = | \$916   | x \$0.15 = | \$0.14 | \$0.01 |
| \$1,100 | x 91.6430% = | \$1,008 | - \$0 = | \$1,008 | x \$0.15 = | \$0.15 | \$0.01 |
| \$1,200 | x 91.6430% = | \$1,100 | - \$0 = | \$1,100 | x \$0.15 = | \$0.16 | \$0.01 |
| \$1,300 | x 91.6430% = | \$1,191 | - \$0 = | \$1,191 | x \$0.15 = | \$0.18 | \$0.01 |

Taxable Value as % of Market: 14.53%

\*1/1/2021 Average Assessed Value/Acre: Adams \$995

\*1/1/2021 Average Market Value/Acre: Adams \$6,276

Number of Acres: 100

1/1/2019 Average Assessed/Acre: State Productivit \$1,383

Assessed Value per Acre (5): 995

1/1/2021 Average Market Value/Acre: State Market \$9,751

|          |              |          |         |          |            |         |        |
|----------|--------------|----------|---------|----------|------------|---------|--------|
| \$99,500 | x 91.6430% = | \$91,185 | - \$0 = | \$91,185 | x \$0.15 = | \$13.68 | \$1.14 |
|----------|--------------|----------|---------|----------|------------|---------|--------|

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