

Frequently Asked Questions About Finance

1. What will the school bond pay for?

Answer: *The bond will pay for approximately 58 percent of the overall cost. SILO funds will cover the remaining approximately 42 percent of the new 136,000 square foot high school and all related site work.*

2. What is the total cost of the bond referendum?

Answer: *The bond referendum is \$11,785,000 that will require a tax levy of \$2.70 per \$1,000 of taxable valuation payable over 20 years. This bond issue allows our community to receive a new high school valued at \$19,490,000 for \$11,785,000 of property taxes.*

3. Exactly how will the high school be financed if the bond referendum passes?

Answer: *The general obligation bond of \$11,785,000 is set and will not change. Due to bonding and insurance expenses, the net proceeds available for construction are \$11,569,879. The remainder of the project will be financed through the 1¢ sales tax proceeds (SILO).*

4. What are PPEL & SILO funds and what are they used for?

Answer: *PPEL stands for Physical Plant and Equipment Levy. It is a special revenue fund used for repairs, infrastructure, and equipment purchases costing more than \$500. SILO stands for School Infrastructure Local Option. This one-cent sales tax may be "used for infrastructure purposes, repair, and improvements, the payment or retirement of outstanding bonds previously issued for school infrastructure purposes and payment or retirement of new bonds issued for school infrastructure purposes issued under Iowa Code section 422E.4 (2001 Code of Iowa)."*

5. How will the district keep from "going over budget" during the construction phase?

Answer: *With a considerable amount of time dedicated to design input and care in budgeting during the early design stages, we will be able to have an accurate accounting of the entire project budget before the construction phase. It will be everyone's responsibility, especially the architects, to meet the budget by making good design decisions.*

6. Is there a group of people from our communities working with the architects to keep our costs down?

Answer: *Yes, People 4 Progress in coordination with the Board of Education and the assistance of district administration are and will continue to be deeply involved. The architects encourage any interested community members to become involved in the process as well.*

8. How will the bond affect my taxes?

Answer: *The following charts will give you an idea of how your property taxes may be affected. The chart does not consider the impact of deductibility of property tax on your state and federal income tax returns.*

RESIDENTIAL		
Property Value	Annual Cost *	Monthly Cost
\$30,000	\$22.61	\$1.88
\$50,000	\$46.41	\$3.87
\$100,000	\$105.92	\$8.83
\$150,000	\$165.43	\$13.79
\$200,000	\$224.94	\$18.75
\$250,000	\$284.45	\$23.70
\$300,000	\$343.96	\$28.66

*Residential annual cost assumes the property has the Homestead credit.

COMMERCIAL		
Property Value	Annual Cost	Monthly Cost
\$30,000	\$80.78	\$6.73
\$50,000	\$134.64	\$11.22
\$100,000	\$269.27	\$22.44
\$150,000	\$403.91	\$33.66
\$250,000	\$673.19	\$56.10
\$500,000	\$1,346.37	\$112.20

AGRICULTURAL *		
Number of acres	Annual Cost	Monthly Cost
1	\$2.10	\$0.18
10	\$21.00	\$1.75
80	\$168.02	\$14.00
120	\$252.03	\$21.00
240	\$504.06	\$42.01
480	\$1,008.13	\$84.01
1000	\$2,100.27	\$175.02

*Agricultural property taxes are computed using average county 1/1/07 agricultural values.

For more information, visit www.people4progress.org. Click on the levy tax calculator to determine the effects of a levy on your annual property tax.

9. If property values increase, will my taxes increase?

Answer: No. The school district is permitted to sell bonds only as authorized by the voters. In the aggregate, if property values increase, the tax rate will decrease, so the dollar amount each homeowner pays stays constant.

10. If the bond passes in December, when will the first bond levy taxes be assessed?

Answer: The bond levy is not triggered by the December 16th bond vote itself, but rather when the school sells the bonds. So, if construction started and the school sold the bonds by early 2009, the soonest the taxes would take effect is fall 2009.

11. Will we save money in the long run by building a school now rather than waiting 10 years?

Answer: We can choose to invest plenty of money into our current school to keep the old systems running, patch things up, and update. We can continue to shift classrooms, but we

will never correct the flow. We can replace locks and doors on the buildings, but we can't secure them. We can add technology here and there as we can fit it in. We can continue to use the middle-school sized gym and hallways. We can make attempts to bring the building up to code and improve accessibility. These are not money-saving choices, but if we say 'no' to building now, we must realize that we say 'yes' to choices such as these.

To bring the current school up to MINIMUM code standards (life safety, security and infrastructure) it is estimated to cost around \$6,500,000. These costs are not for improvements or educational benefit, but rather to make our current school meet the minimum health and safety standards. In fact, the current architect's estimate to completely renovate the existing high school is at or above the \$11,785,000 bond referendum. Research has linked student achievement and behavior, as well as staff morale, to physical building conditions. Wouldn't you rather see your property tax dollars being spent on a new high school rather than maintaining an inadequate school facility?

12. Is our present high school building energy efficient? What type of heating system does it have?

Answer: *No, our present high school is not energy efficient. According to the building assessment prepared by HSR Associates, Inc., and Kane and Johnson Architects, Inc., the high school has two Kewanee boilers with Gordon Piatt burners. These boilers were installed in 1953 and 1956. Since then the boilers have been retubed twice, 63% of the refractory has been replaced, and the burners have been replaced in 1970. The efficiency is around 60%. Kewanee is no longer in business making it difficult to locate parts for repairs.*

13. Once the high school is built will there be enough money for ongoing maintenance? How much is that budget?

Answer: *Yes, there will be enough money set aside for ongoing maintenance. Our district uses the PPEL and SILO funds to pay for necessary maintenance, repairs, and other improvements. The PPEL is projected to generate approximately \$233,700 of income for the 2008-2009 school year. In regard to the SILO fund, Piper Jaffray has prepared a conservative SILO revenue projection that indicates that district will have a range of \$405,000 to \$540,000 in proceeds to be used for maintenance needs throughout the district. The other SILO income will be used to pay for the new high school.*

14. I believe that we need the new high school, but the current economic situation scares me, why should I still vote yes?

Answer: *Although our national economy is experiencing a downturn, our local economy has remained vibrant and strong. Smaller communities do not typically experience the same robust growth most large cities experience when the economy is strong, but this also means we don't experience as large of a decline when the economy slows down.*

Interest rates are at some of their lowest levels of all time, which keeps financing costs lower. The architects have also noticed contractors for many of their projects coming in under budget because the tighter economy forces contractors to get more aggressive to win bids. If we wait to build we lose these benefits and the project will cost us substantially more. Meanwhile, our current high school needs significant improvements. The existing high school has inefficient heating and cooling. A new building will be energy efficient, asbestos free, temperature controlled and security supervised.

15. How can I donate to People 4 Progress?

Answer:

Make checks payable to: People 4Progress PAC
Attn: Terry Toale
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