

## **Financial Impact of the Proposed Wibaux Public School Bond**

Wibaux Public School has requested a bond for \$4,200,000 for a term of 10 years to demolish the Marcus School Building and construct a new building consisting of a gymnasium, bleachers, lockerrooms, music classroom, speech classroom, restrooms, mechanical rooms and storage.

### **How does a school bond work?**

A school bond is similar to a real estate mortgage. The school presents a proposal to the voters just as a potential buyer would ask their lender. If the voters approve the school bond, the value that was approved on the ballot is sold as municipal bonds. The money from the sale of the bonds is then used to pay for the approved construction. Just as a mortgage, the school then has to repay the bonds in the term that was approved in the bond election. Each year in the term of the bond the amount the annual payment is calculated in mills and levied to the taxpayers. This tax revenue is then used to make the annual bond payment.

### **How is the bond calculated?**

The bond is calculated similarly to a real estate mortgage. There is a principal amount, interest rate, and repayment term. Additionally, there is a bond fee for selling and issuing the tax-exempt bonds. Wibaux School District has partnered with Dorsey & Whitney, LLP to serve as the bond counsel for this project. Based on bond rates in February 2020, Dorsey and Whitney, LLP estimated the annual bond payment is \$481,320. The annual payment can fluctuate based on the bond interest rate at the time of the sale of the municipal bonds.

### **How are the mills assessed and levied?**

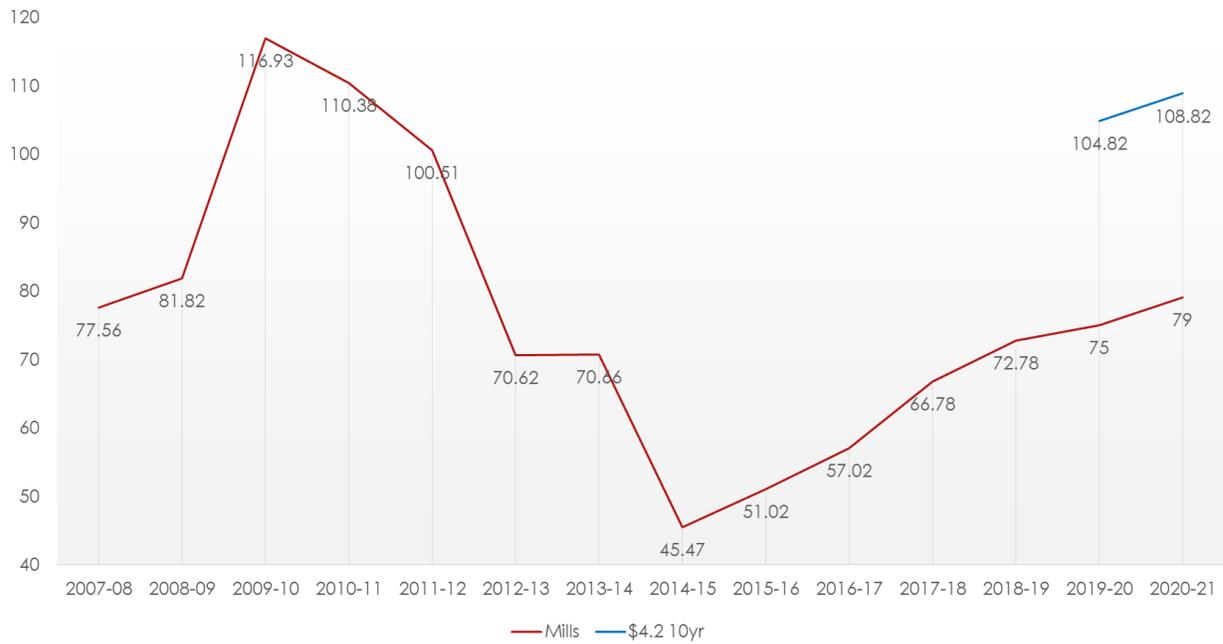
Wibaux Public Schools taxable evaluation for fiscal year 2020 is \$16,142,705. This means that each mill levied by the school is equal to \$16,142.71. The estimated annual bond payment divided by the value of a school mill equals the number of mills to be levied. Following is this calculation:

$$\$481,320 / \$16,142.71 = 29.82 \text{ mills}$$

Therefore, the estimated number of mills to be levied annually for 10 years for the bond is approximately 29.82 mills.

## What is the impact of the 29.82 additional mills.

Below is a chart of the total mills levied by Wibaux Public School since the 2007-2008 school year. The addition of 29.82 mills to the projected 79.00 mills to be levied in fiscal year 2021 is still less than the levies that were assessed in 2009-2011.



## What is the impact to real estate taxes?

Following are several charts of residential and agriculture properties and projected yearly tax impacts for the 10 year term.

Residential Property		
Assessed Value	Taxable Value	Yearly Tax Increase
\$50,000	\$675	\$20.13
\$100,000	\$1,350	\$40.26
\$150,000	\$2,025	\$60.39
\$200,000	\$2,700	\$80.51

Agricultural Property	Taxable Value	Yearly Tax Increase
<ul style="list-style-type: none"> <li>▶ Grazing Land – 4,354.40 acres (~6.8 Sections)</li> <li>▶ Tillable Land – 322.35 acres (~0.5 Sections)</li> <li>▶ Farmstead – 2 acres</li> <li>▶ Improvements on Ag Land - \$186,480</li> <li>▶ Agriculture Implements &amp; Machinery - \$87,194</li> <li>▶ Non-Exempt Tools &amp; Shop Equipment - \$163</li> </ul>	\$10,396	\$310.01
<ul style="list-style-type: none"> <li>▶ Grazing Land – 8.9 acres</li> <li>▶ Tillable Land – 992.9 acres</li> </ul>	\$8,860	\$264.21
<ul style="list-style-type: none"> <li>▶ Grazing Land – 52.04 acres</li> <li>▶ Tillable Land – 581.54 acres</li> <li>▶ Farmstead – 1 acres</li> <li>▶ 2001 Ranch Home with Garage and Deck</li> <li>▶ Improvements on Ag - \$238,180</li> </ul>	\$8,399	\$250.46
<ul style="list-style-type: none"> <li>▶ Grazing Land – 2565.91 acres (~4 sections)</li> <li>▶ Tillable Land – 153.09 acres (~1/4 section)</li> <li>▶ Farmstead – 1 acres</li> <li>▶ Improvements on Ag - \$194,730</li> </ul>	\$7,068	\$210.77

## How do I determine my tax increase?

Your individual taxable value can be provided by the Wibaux County Treasurer or your assessment statement. The formula to determine your estimated annual tax increase is taxable value \* mills / 1,000.

$$\text{Taxable Value} * 29.82 / 1,000 = \text{Estimated Annual Tax Increase}$$

### Side-view of the Proposed Building

