

Public Meeting

RSU 19 Loan Proposal

February 25, 2013

Nokomis Regional High School

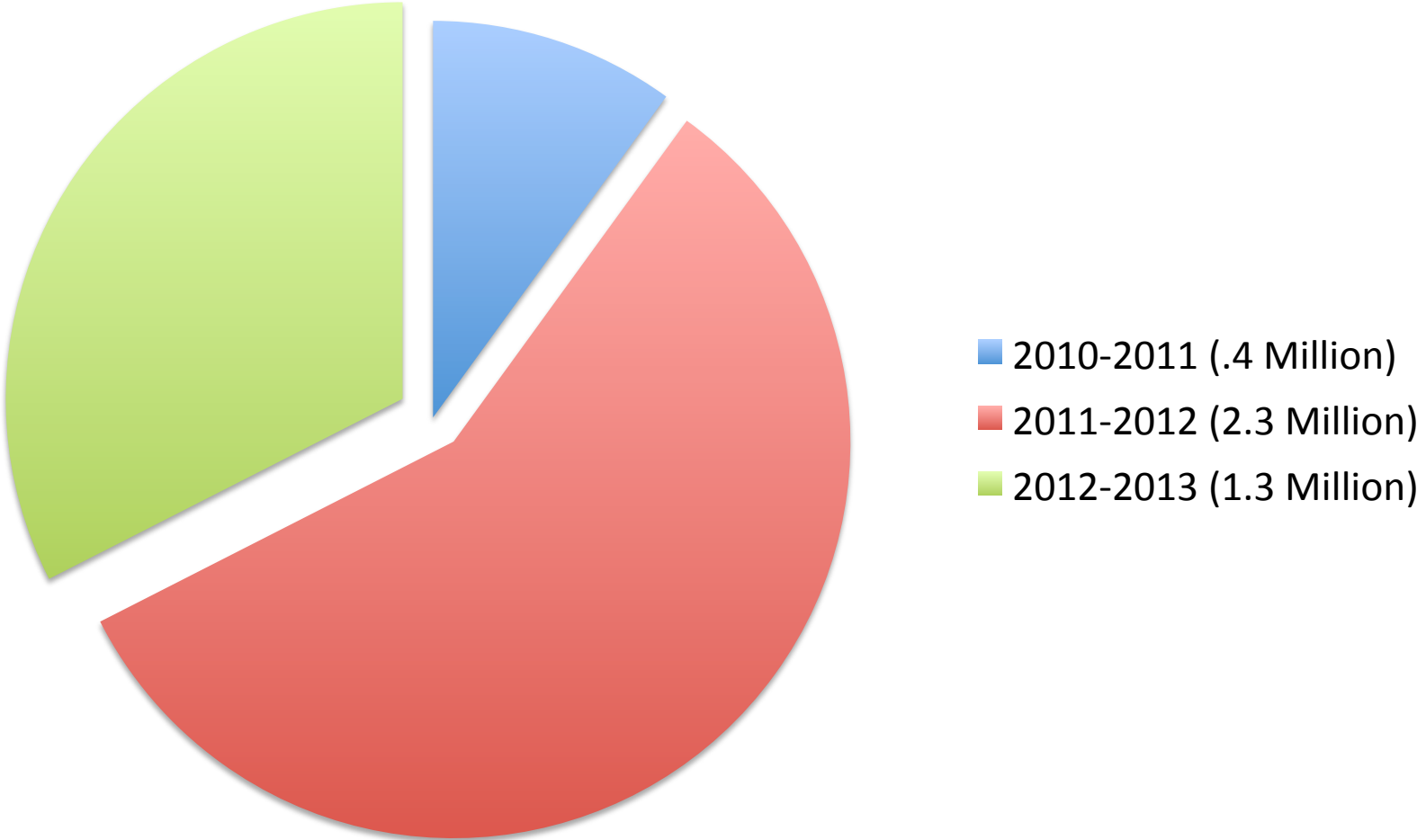
Newport, ME

Explaining RSU 19's DEBT and Cash Flow Problems

Three Years to “Materialize”

- 2010-11 finished the year \$400,000 “short” of what was needed to pay July and August teacher salaries (AUDITED)
- 2011-12 finished the year an additional \$2,300,000 “short” to pay all bills (due to planning to use carryover that was not available, failure to bill towns for local debt service (ERRORS) and some overspending) (AUDITED)
- 2012-13 Planned to Use \$1,300,000 in carryover that was not available to pay bills (ERROR)

RSU 19 DEBT FY 2011 to FY 2013 (\$4.0 Million)

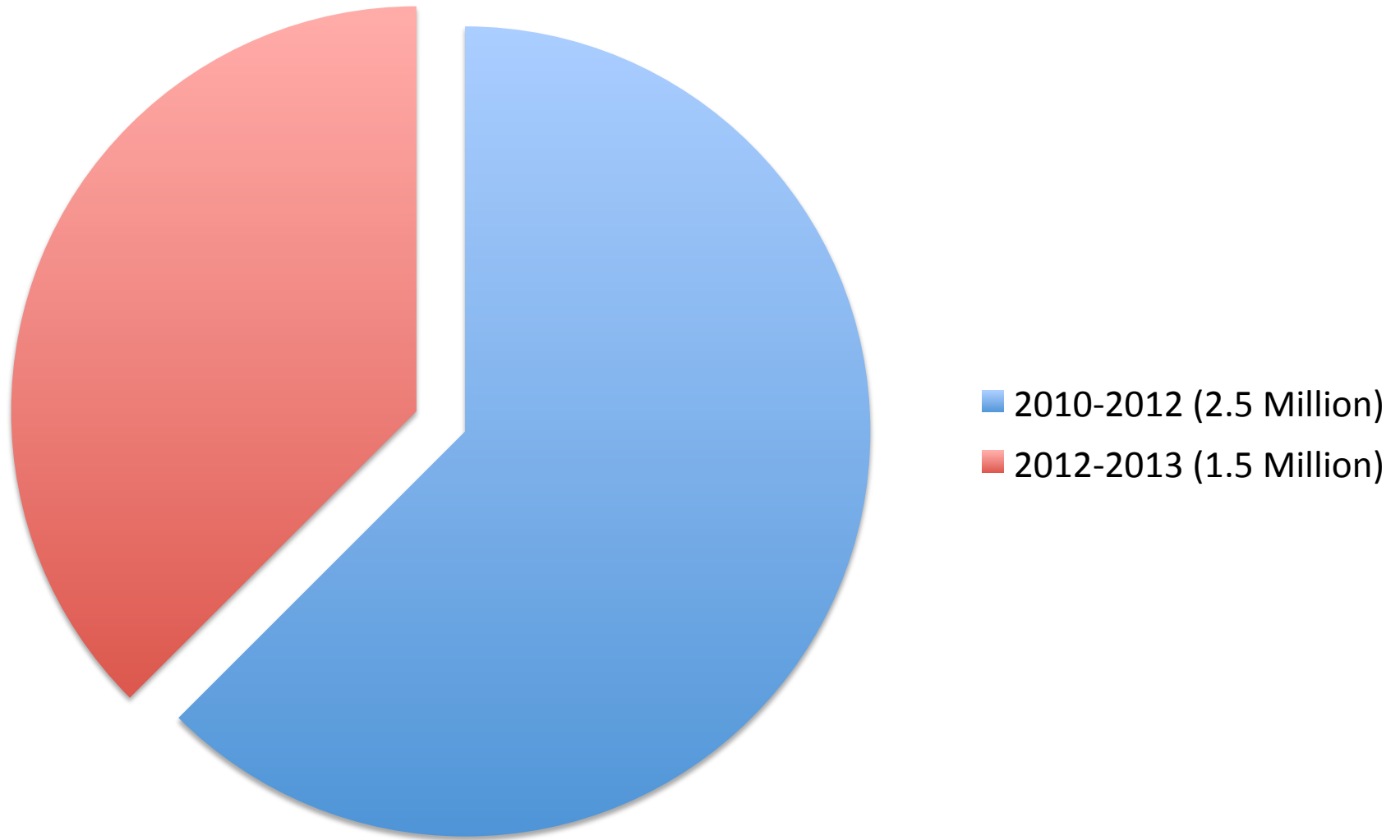


Budget Cuts Made This Year =\$1,500,000

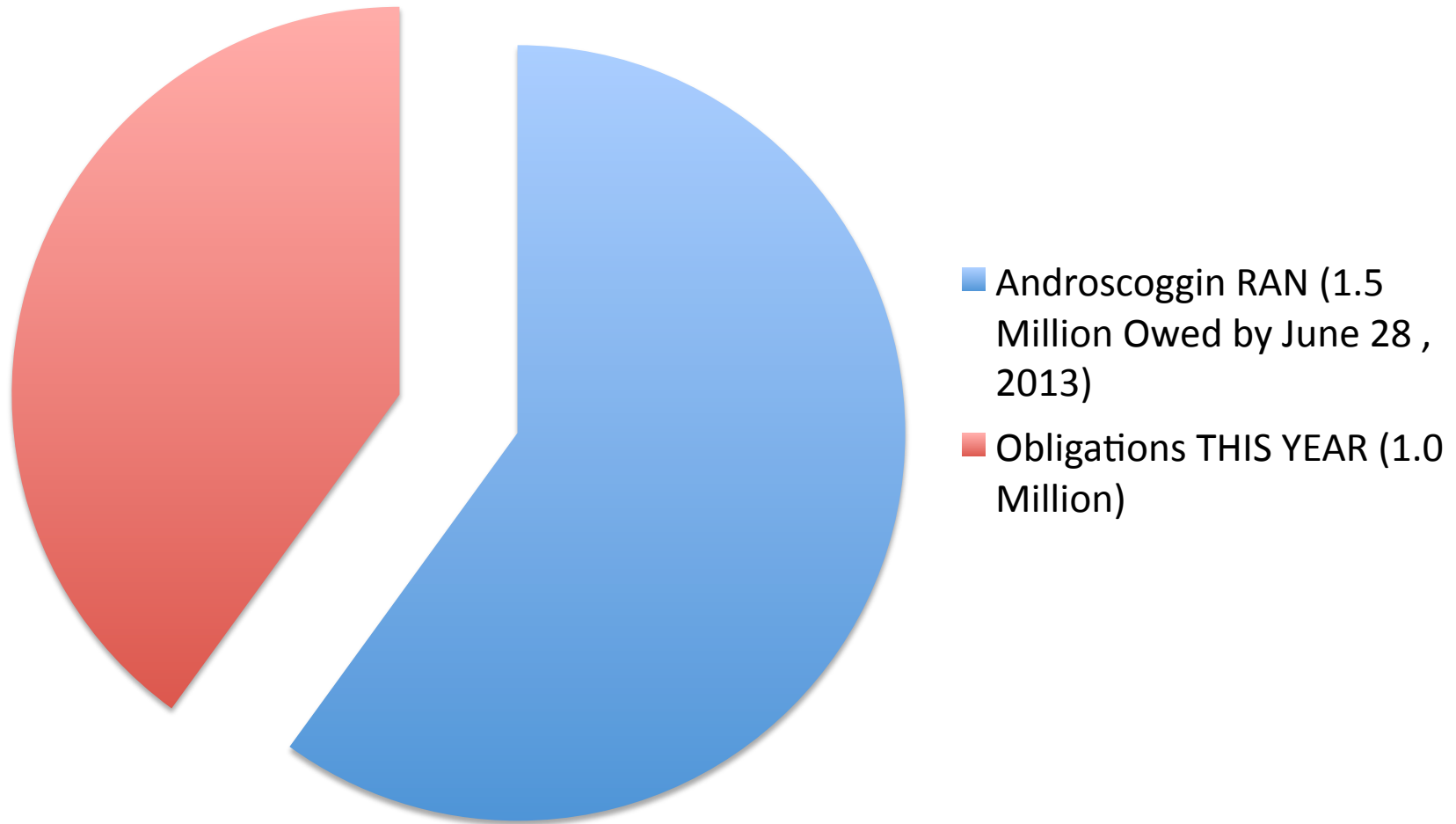
- 12 Position Eliminations
- Supplies / Equipment Freezes *
- Maintenance Deferrals & Freezes
- After School Transportation Cuts *
- Athletic Cuts *
- Music Cuts *
- Other

* *Denotes Fundraising Help Received*

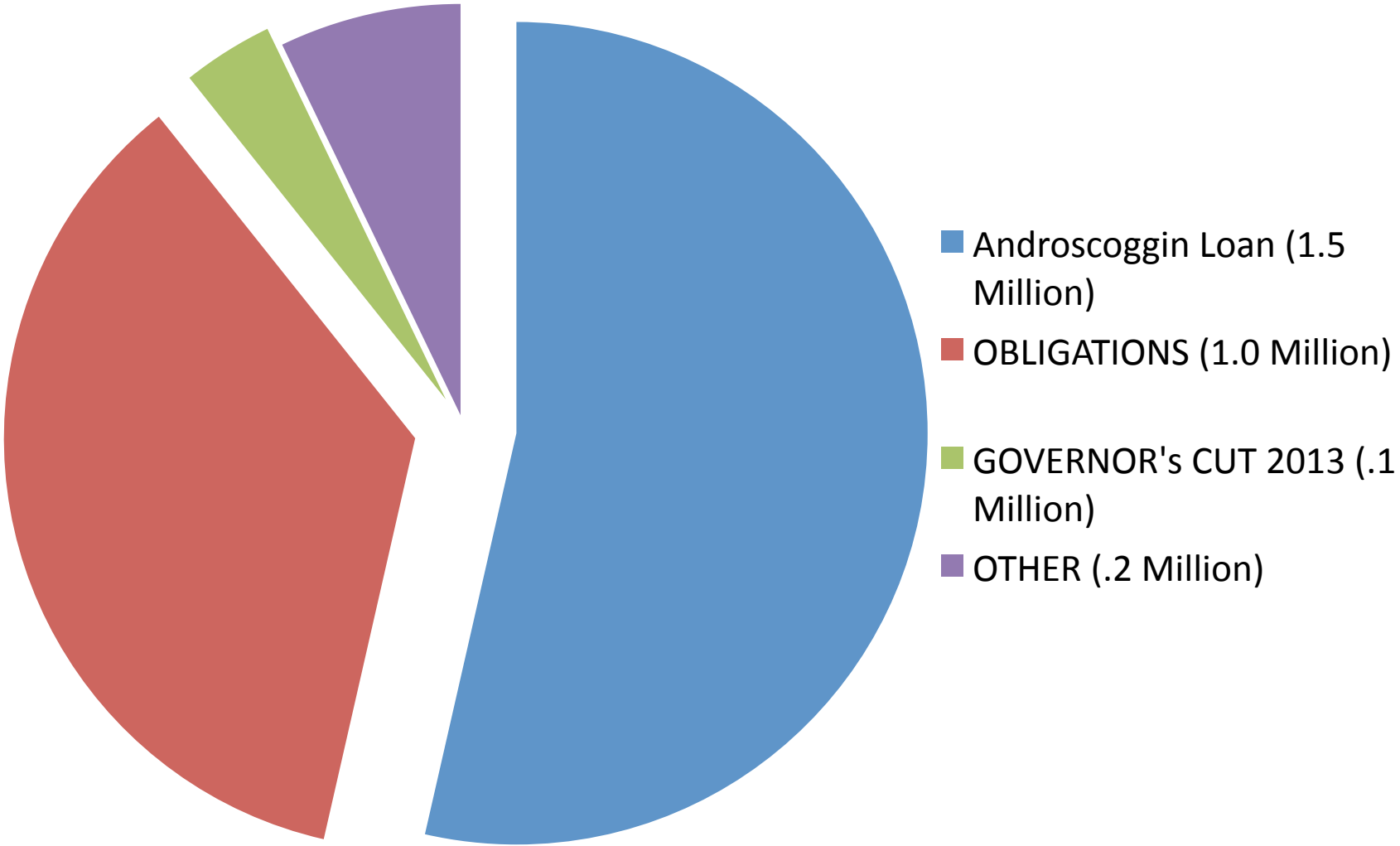
Debt AFTER \$1.5 Million in Cuts (\$2.5 Million Remains)



Remaining 2.5 Broken Down



The LOAN-WHY \$2.8 Million?



Current Debts the RSU Can't Pay

- \$1,500,000 LOAN to Androscoggin Bank (Now)
- \$500,000 (2 months behind) to Anthem/BC (Now)
- \$200,000 in Other Payables (Now)

Anticipated...

- Summer Teacher Wages (July/August, 2013)

The RSU Needs \$ to Pay its Debts ASAP!!

Explaining RSU 19's Loan Concept and Equivalent Tax Impact

What is the RSU's Board asking the public for permission to do?

The School Board wishes to be given permission to borrow money in an amount that can't be more than \$2,800,000 for a period that can't be more than 10 years. The money would pay back the \$1,500,000 loan to Androscoggin Bank, and pay off other debts / obligations, addressing the errors in projections and assessments that occurred over the past two years

Refer to HANDOUT: Loan Repayment
Distribution to Towns Over Ten Years
(2.8 million)

EXAMPLE Newport's Equivalent (Handout Available For All Towns)

Estimate the Equivalent for Your Property in Newport

If your property was assessed at \$90,000 in 2013, adopting the loan package would cost an amount that's more than \$32.38, but less than \$43.18 annually. That's also more than \$2.70, but less than \$3.60 a month. This example has been inserted into the table at the right.

How Would Paying the Loan Amount Impact My Taxes?

Assessed Valuation ▼	Amount of Tax for Period Shown			
	12 Months	6 Months	3 Months	1 Month
\$50,000.00	\$21.59	\$10.79	\$5.40	\$1.80
\$75,000.00	\$32.38	\$16.19	\$8.10	\$2.70
\$90,000		read the example at the left.		
\$100,000.00	\$43.18	\$21.59	\$10.79	\$3.60
\$125,000.00	\$53.97	\$26.99	\$13.49	\$4.50
\$150,000.00	\$64.77	\$32.38	\$16.19	\$5.40
\$200,000.00	\$86.36	\$43.18	\$21.59	\$7.20
\$250,000.00	\$107.95	\$53.97	\$26.99	\$9.00

What's in the table shown above?

Property values from \$50- to \$250-thousand are listed in the left-most column. Based on the mil rate shown in the table at the left, the resulting tax in dollars and cents is provided for the principal and interest loan amount in year one. That amount is then shown in increments of 6-, 3-, and one month. For the property in the \$90,000 example, the annual tax amount is \$38.70, \$19.35 for 6 months, \$9.68 for 3 months, and \$3.23 per month.

The Cost Based on Your Valuation

	(a)	
Put your property valuation on the line marked (a), substituting a decimal point for the comma [example: \$65,000 becomes 65.000]. Multiply by the rate and show the result on line (b).	x	\$0.43
	(b)	

Planning a Budget for NEXT Year (2013-2014)

2013-2014 Budget Planning

- **If a loan is approved, the spending target is \$22 million or less, which would mean no increase or a reduction to town bills**
(*This year's budget is 23,300,000)
- All cost areas will be reviewed carefully
- To arrive at \$22 Million, there will need to be numerous cuts to hit EVERY cost area, including school administration, central office administration and teaching staff

2013-2014 Budget Cont...

- **IDEAS Under Consideration:** (requiring Board approval)
 - close and sell central office (save overhead / earn revenue)
 - reduce central office admin and clerical (salary/benefits savings)
 - forest management plan (earn revenue)
 - move Grades 2 to 4 from St. Albans to Corinna, OR reduce staff at St. Albans/Corinna (salary/benefits savings)
 - reduce other teaching positions district-wide (e.g. Som MS, NRHS, EDS-salary/benefits savings)
 - small teacher retirement incentive (survey indicates interest)
 - reduce at least one full principal position district-wide (salary/benefits savings)
 - contract out transportation services (overall program savings)
 - per pupil supplies / equipment approach (reduce)
 - leaving many current cuts “in place” & review every budget line

How Can Citizens Be Sure The Budget is Reduced?

There will be a public meeting on the RSU's proposed 2013-2014 budget in May. Citizens may hold the district accountable at that time to have a spending plan that they can accept and approve. Proposed spending articles may be modified by motions and votes to get to an acceptable level before the budget goes out for validation referendum

Why Does The NEXT Budget Need to Be Reduced?

The RSU had the current budget passed at the \$23,300,000 amount, and (mistakenly) planned to have just over \$1,300,000 in carryover, which it did not raise from the towns to cover expenses. If the NEW budget is not reduced, towns would need to be billed a great deal more next year, as compared to this year

What May Happen Without the Loan?

- **A winter shutdown for a month** (to push back two payrolls for hourly employees & to pay bills...also minor savings) **TABLED FOR NOW**
- **Additional CUTS to student programs/other** in last third of the school year (attempt over a half million MORE in order to pay other bills)
Note: District has already CUT \$1.5 million in spending this year
- **DEFAULT on \$1.5 Million loan with Androscoggin Bank** (and a lawsuit)
- **Budgeting nearly \$1.3 Million to cover debts/obligations described previously, resulting in a large proposed increase to bills for all towns in 2013-14**

Questions?