

**ABERDEEN SCHOOL DISTRICT NO. 5
ABERDEEN, WASHINGTON**

Special Meeting of the Board of Directors
Community Room, Aberdeen High School
410 North G St.

March 27, 2023, 6 p.m.

AGENDA

6:00 p.m. Call to Order

Flag Salute

1. Budget and Enrollment Trends – Corey Plager of D.A. Davidson will provide an overview of the District's budget and enrollment history, and discuss topics for consideration in future planning.
2. 2023-2024 Budget Planning – Superintendent Jeffrey Thake will present budget and enrollment projections for 2023-2024 planning and discussion.
3. Resolution 2023-01 Reduction in Force – A resolution directing the superintendent to plan for a reduced educational program for 2023-2024, including reductions in staff, in order to reduce expenditures to the level of anticipated revenue.

Executive Session

At this time the meeting will recess for an executive session expected to last 20 minutes under RCW 42.30.110 (g): To evaluate the qualifications of an applicant for public employment or to review the performance of a public employee.

ADJOURN



Aberdeen School District School Levy and Tax Update March 27, 2023

Cory Plager
Managing Director
cplager@dadco.com
(509) 462-6370

Dave Trageser
Managing Director
dtrageser@dadco.com
(206) 903-8699



D|A|DAVIDSON
D.A. Davidson & Co. member SIPC

- Levy and Bond Overview with Voter Trends

- Property Values and School Taxes

- Other Considerations – Local Effort Assistance

Levy and Bond Overview

- Educational Programs and Operations Levy (1 to 4 years)
 - *Last EP&O levy approved in 2020, renewal in 2024*
- Capital Projects Levy (1 to 6 years)
- Transportation Vehicle Levy (1 to 2 years)
- Bonds (varies, but 20 years most common)
 - *Last Bond approved in 2003, \$19,690,000*

Source: RCW 84.52

Levy and Bond Overview

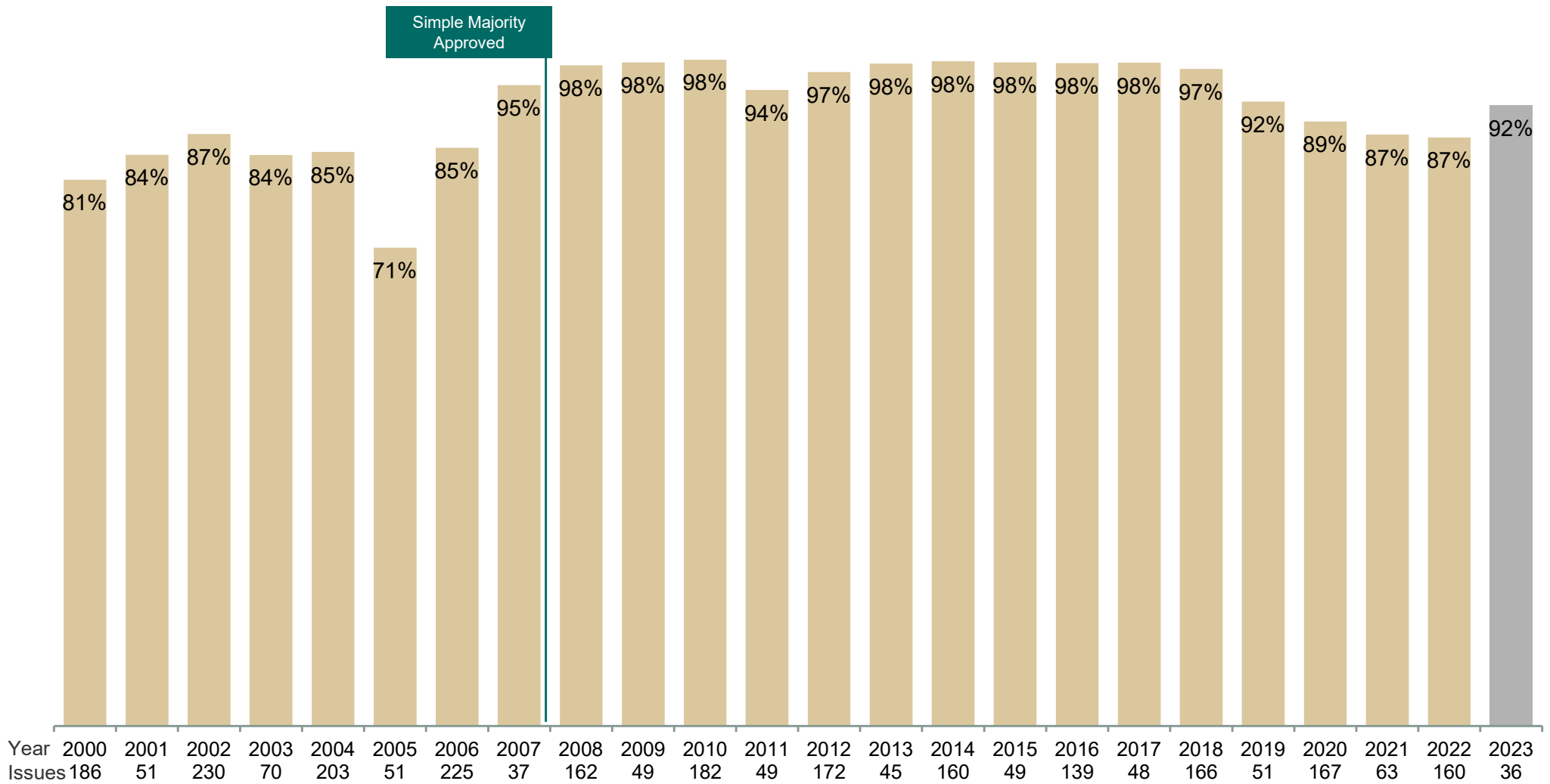
Education Programs and Operations Levies “EP&O”

- “Enrichment” of programs outside of the legislative definition of basic education
- Formerly known as “Maintenance and Operations Levy”
- Subject to levy lid laws:
 - Lessor of **\$2.50/\$1,000 of assessed value** or \$2,500 per pupil (adjusted by inflation - \$2,988.32 in 2023)
- Simple Majority – 50% +1 (GF, CPF, TVF)
- No validation requirement
- Based on the calendar year, not the school fiscal year
- May be attempted twice in a twelve month period

Source: EHJR 4204, RCW 84.52.053

Levy and Bond Overview

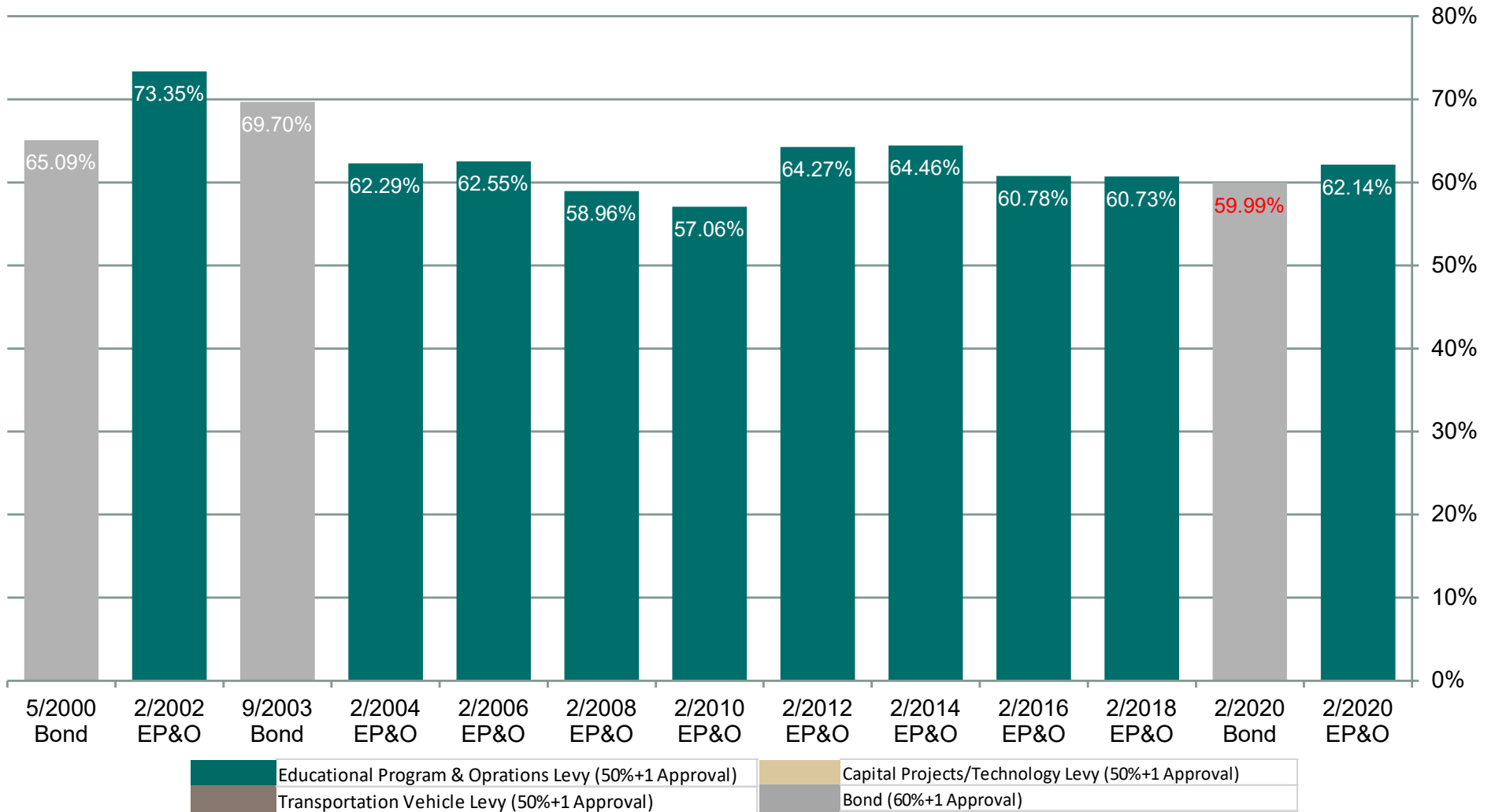
EP&O Levy Success – Washington State



Simple Majority Approved

Levy and Bond Overview

Aberdeen School District Election Passage Rate History



Source: OSPI 1463-GF, 1463-BI

Levy and Bond Overview

Capital Projects Levy

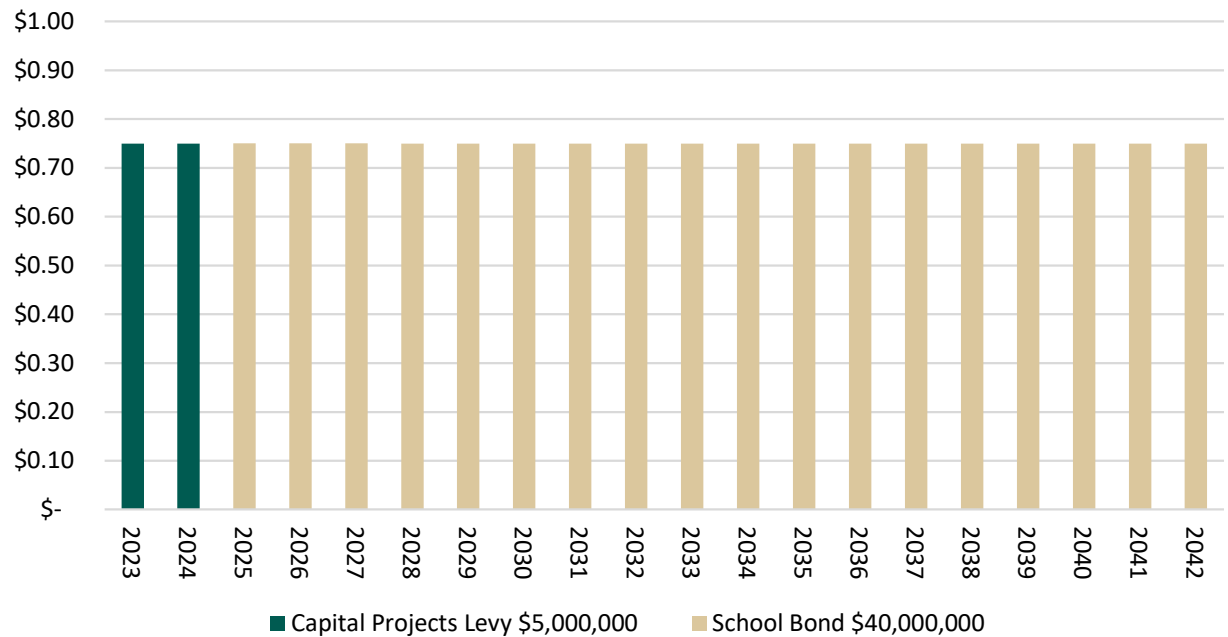
- No dollar limit
- Simple majority
- Up to a six year collection
- No interest cost
- Common uses: Technology, Safety, Security, Capital Improvements (Roof, HVAC, Parking Lots, etc.)
- Jump start a long range capital plan

Levy and Bond Overview

Capital Levy “Jump Start”

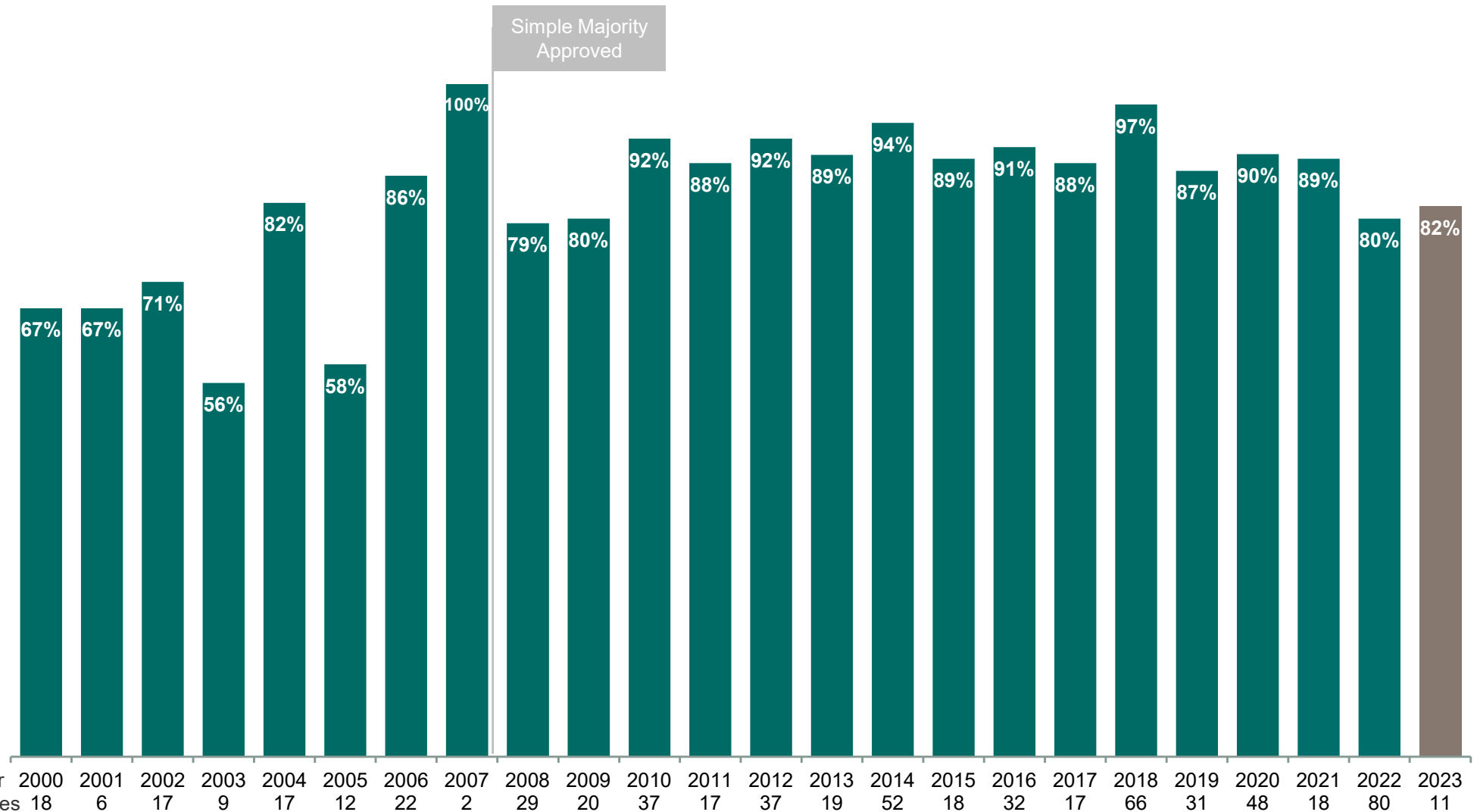
- Seek voter approval for Capital Levy at simple majority
- Successfully carryout promises made to the community with the proceeds
- Place bond before voters during final year of Capital Levy
 - Without tax increase
 - Super Majority

Projected Tax Rates
Per \$1,000 Assessed Value
Example



Levy and Bond Overview

Capital Project Levy Success – Washington State



Levy and Bond Overview

Most frequently supported Capital Projects items in 2022:

- Technology: devices support 92% of the time, followed by 85% for all ballots with “Technology” listed
- HVAC: 90%
- Energy Efficiency: 86%
- Construction (also ‘critical repairs’): 86%
- Safety: 76%, Security 80% (use of ‘cameras’ also at 80%)
- Athletic Improvements: 62%

**reminder 80% passage in 2022 for baseline*

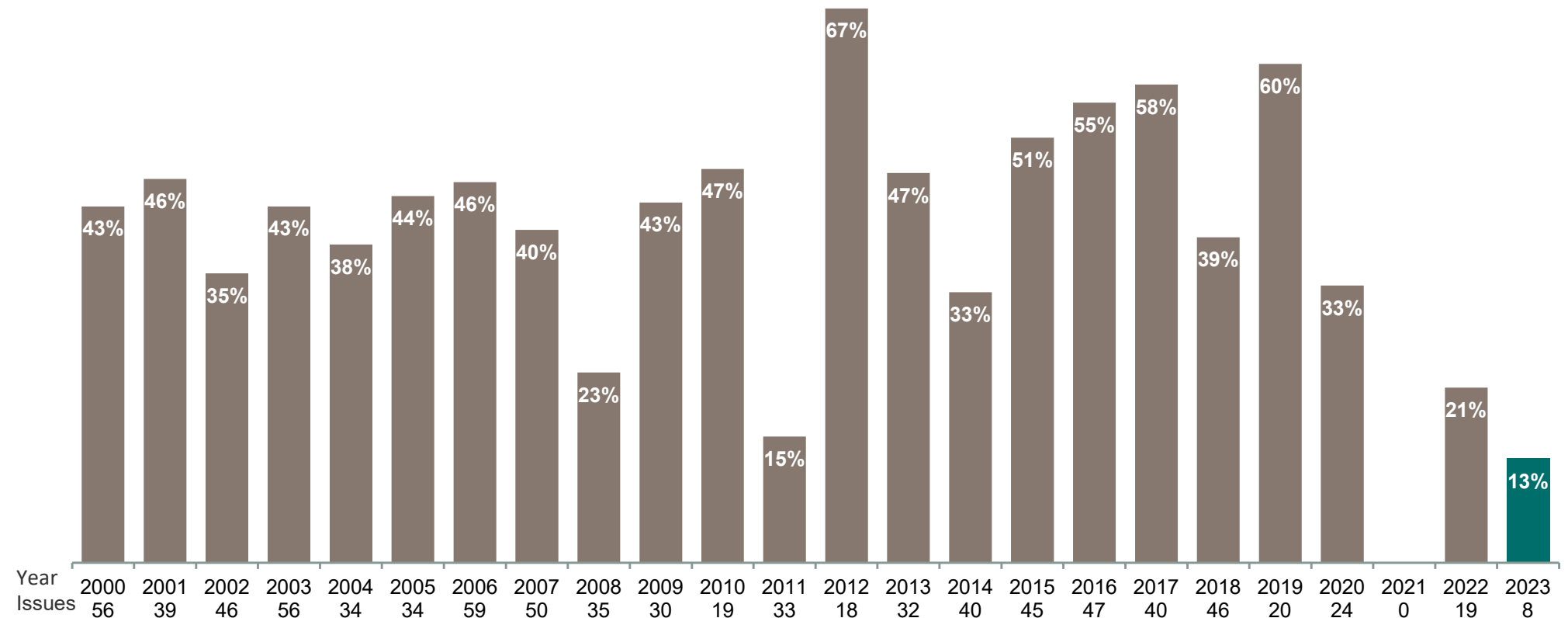
Levy and Bond Overview

(Unlimited Tax General Obligation Bonds - UTGO):

- A security issued by local governments to finance capital improvements
- Bond holders are repaid with property taxes
- Most issues are tax-exempt
- Approved with a 60% yes vote
- Results must be validated (40% of voters from previous General Election in November must vote)
- 5% debt capacity
- Each bond structure is customized to meet the unique needs of the school district

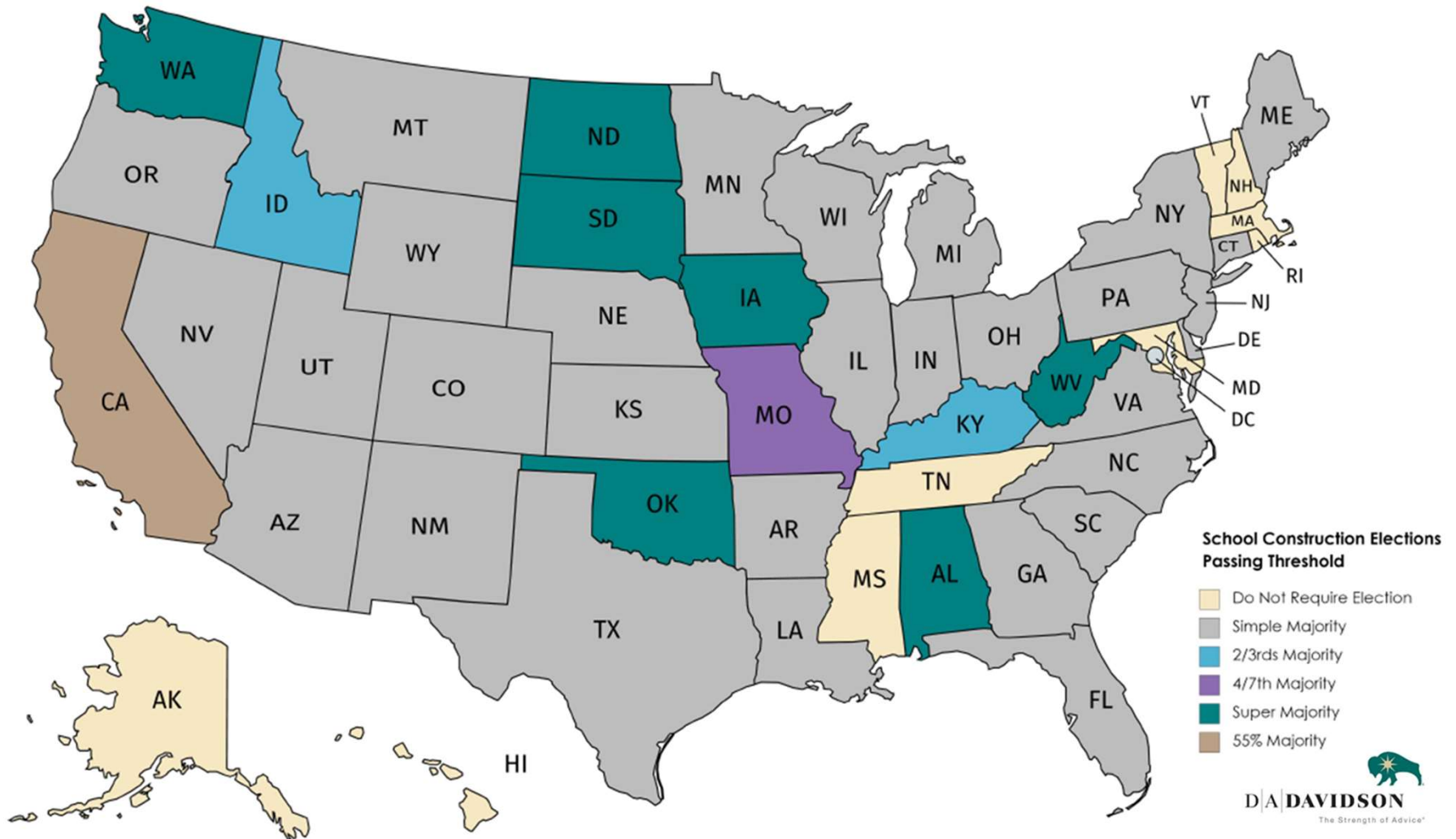
Levy and Bond Overview

School Bond Success – Washington State



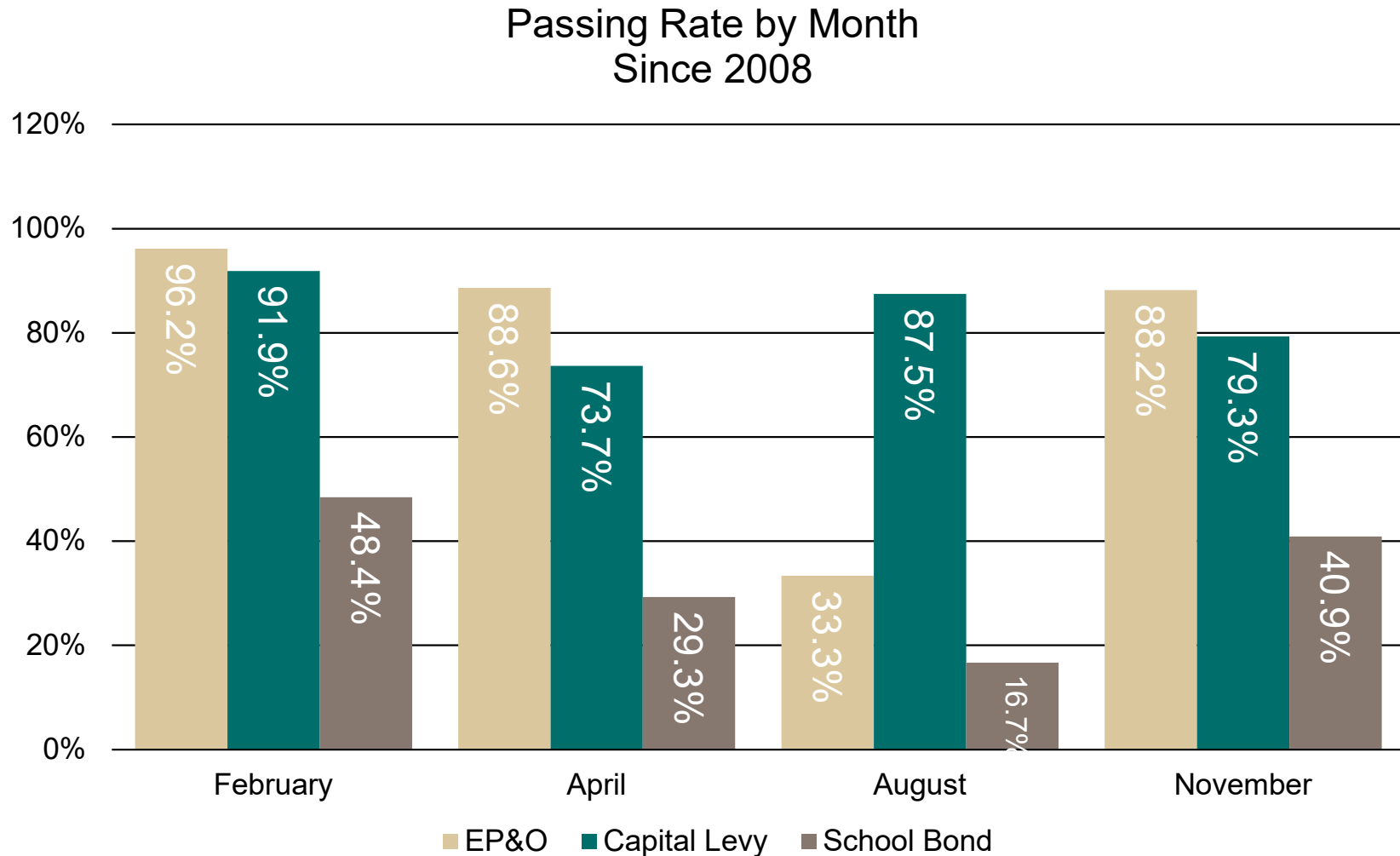
Levy and Bond Overview

United States Approval Requirements



Levy and Bond Overview

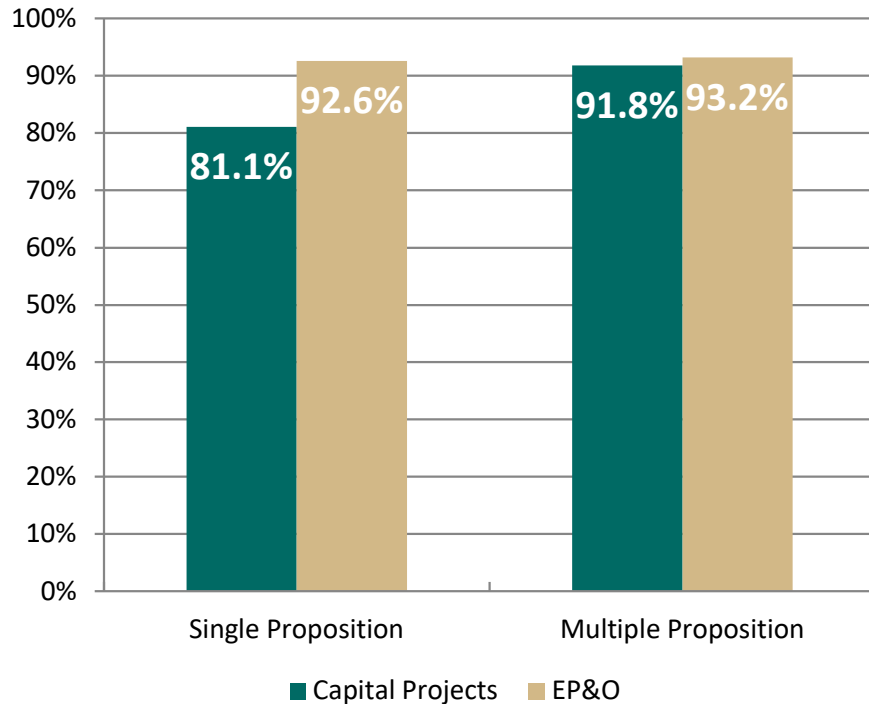
When is the best time to submit a proposition to the voters?



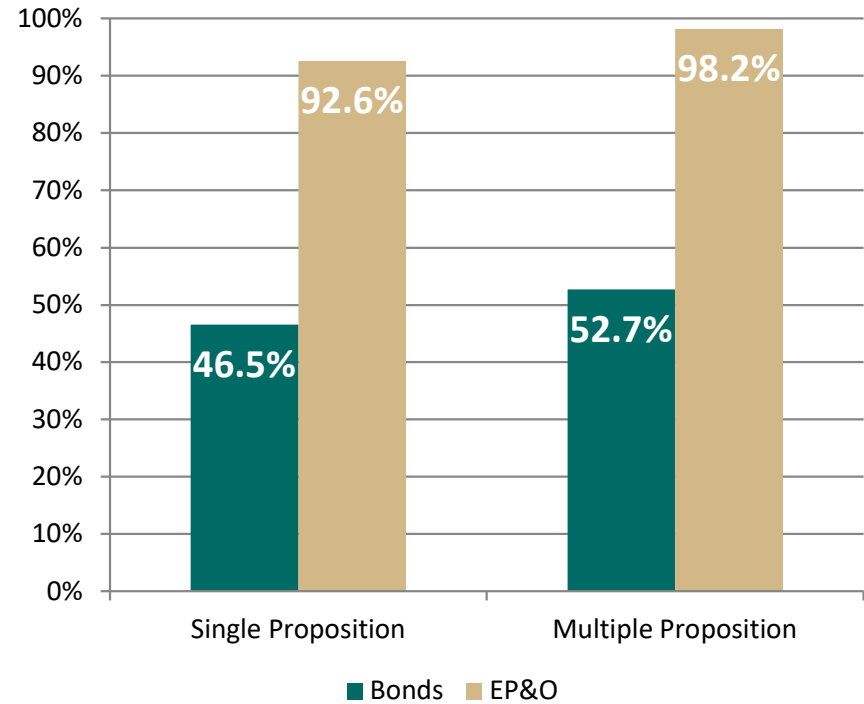
Levy and Bond Overview

Should I run a Capital Levy or Bond with my expiring EP&O Levy?

Multiple Propositions - Capital Projects (Since 2015)

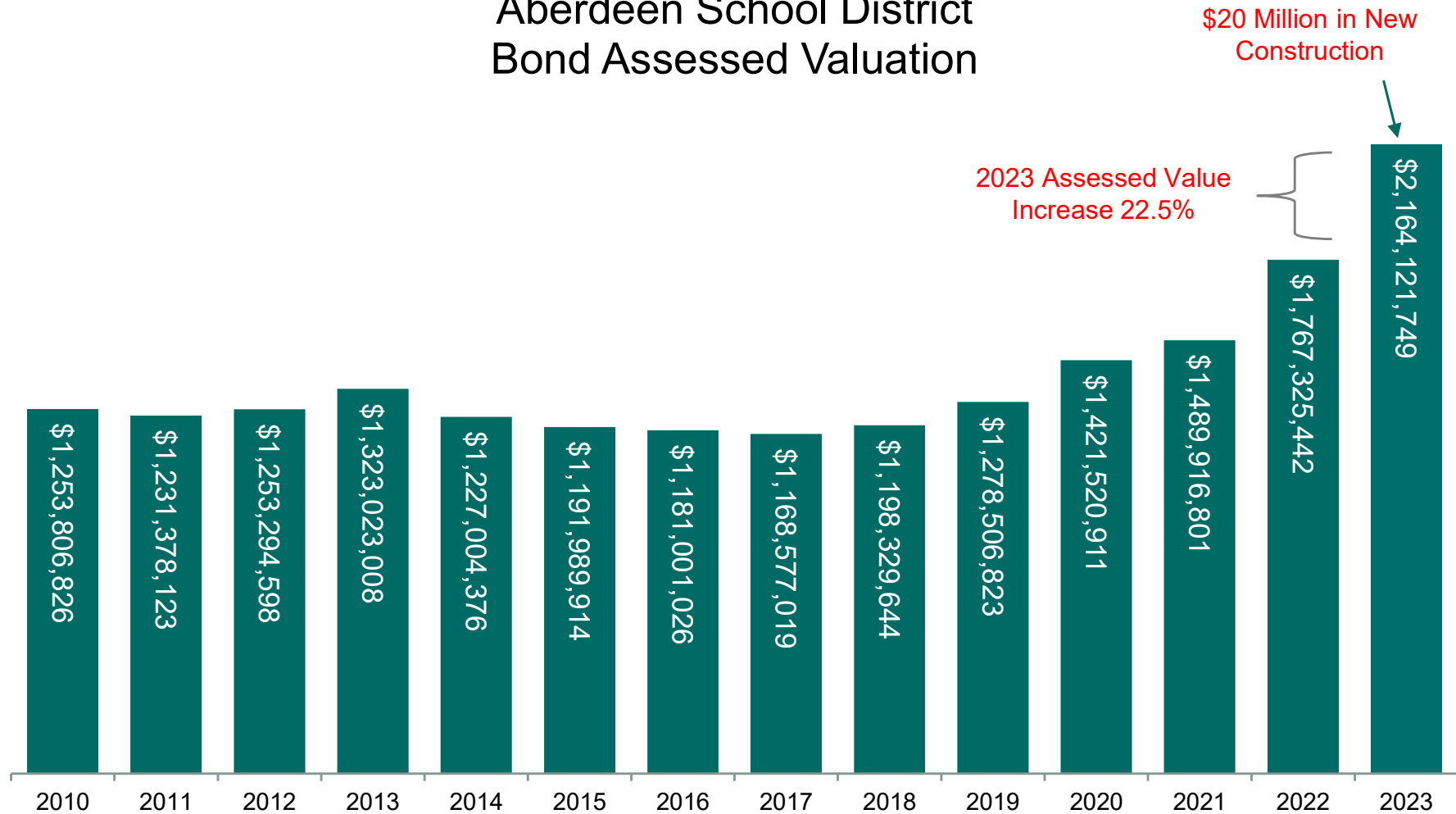


Multiple Propositions - School Bonds (Since 2015)



Property Values and School Taxes

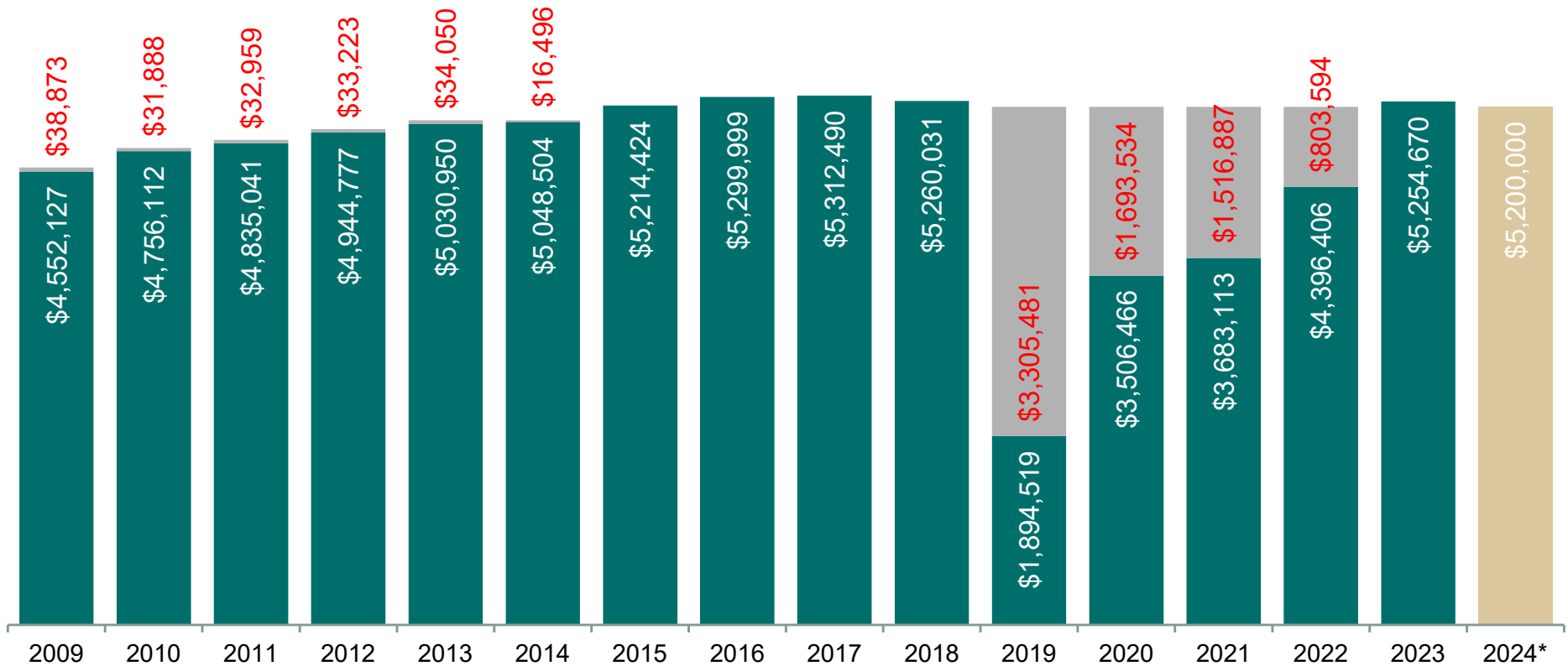
Aberdeen School District Bond Assessed Valuation



Source: State of Washington, Office of Superintendent of Public Instruction, County Assessor Annual Report

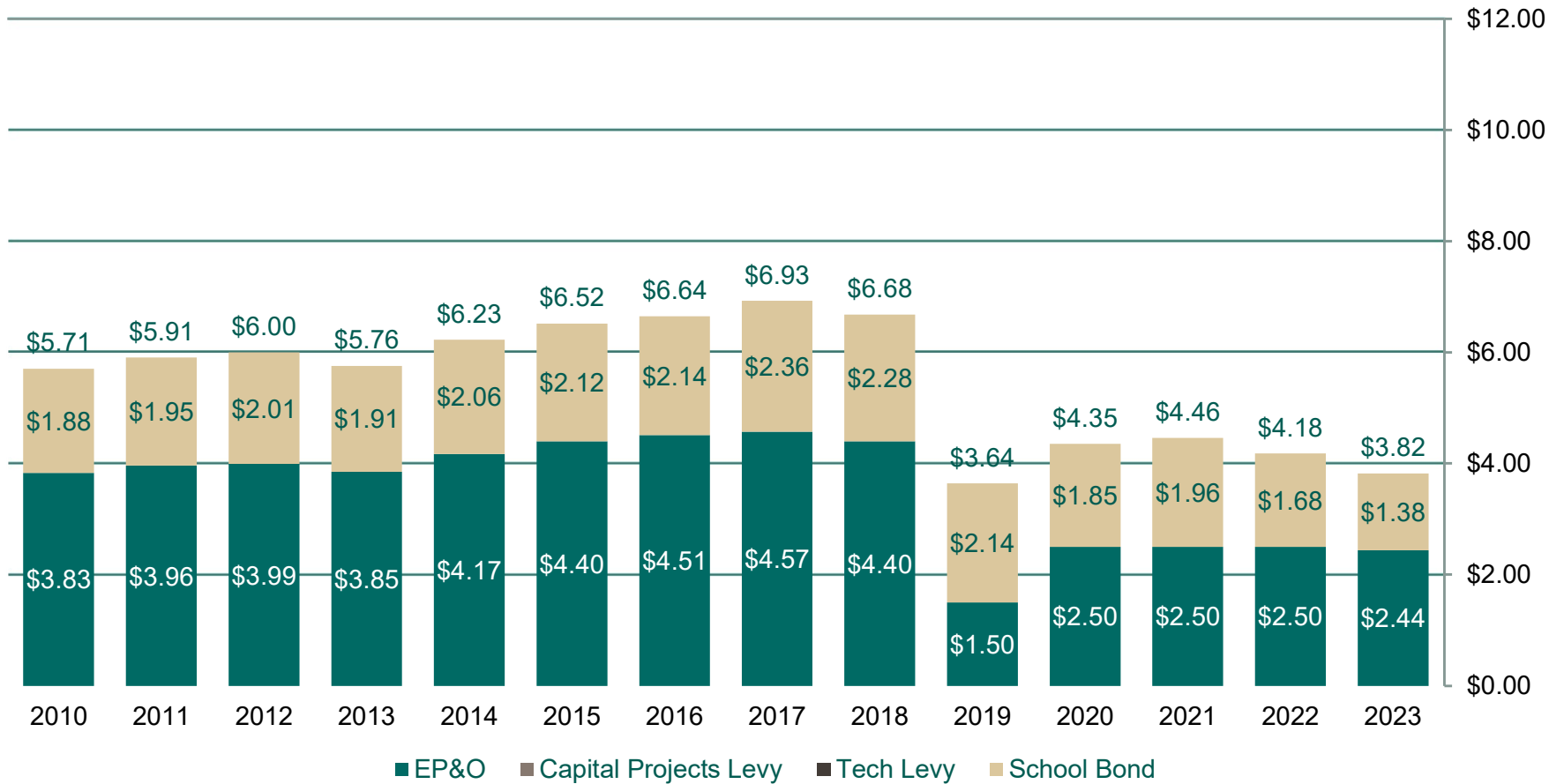
Property Values and School Taxes

Aberdeen School District
 EP&O Ballot Levy History – **With Rollback**



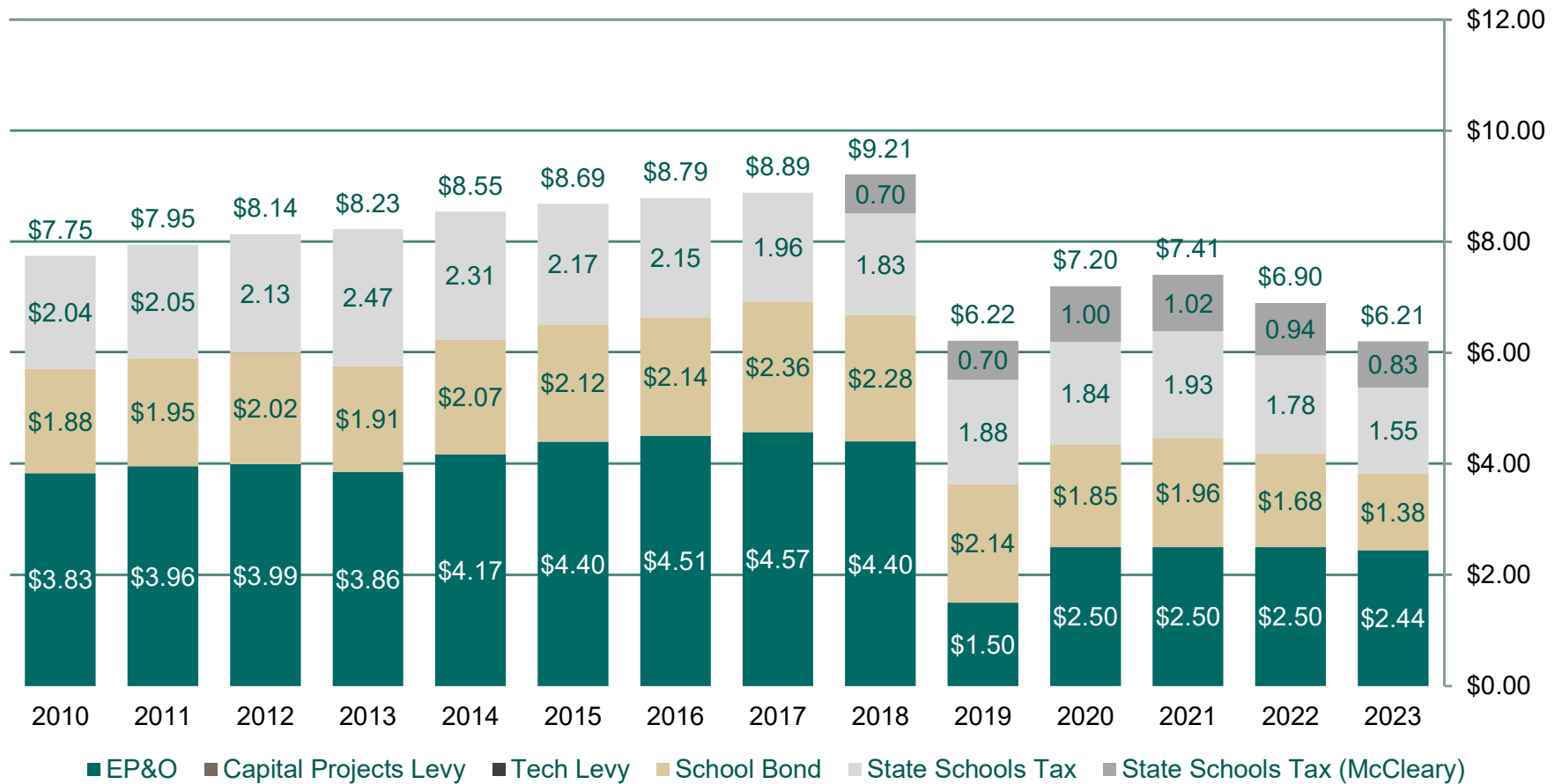
Property Values and School Taxes

Aberdeen School District
Tax Rates/\$1,000



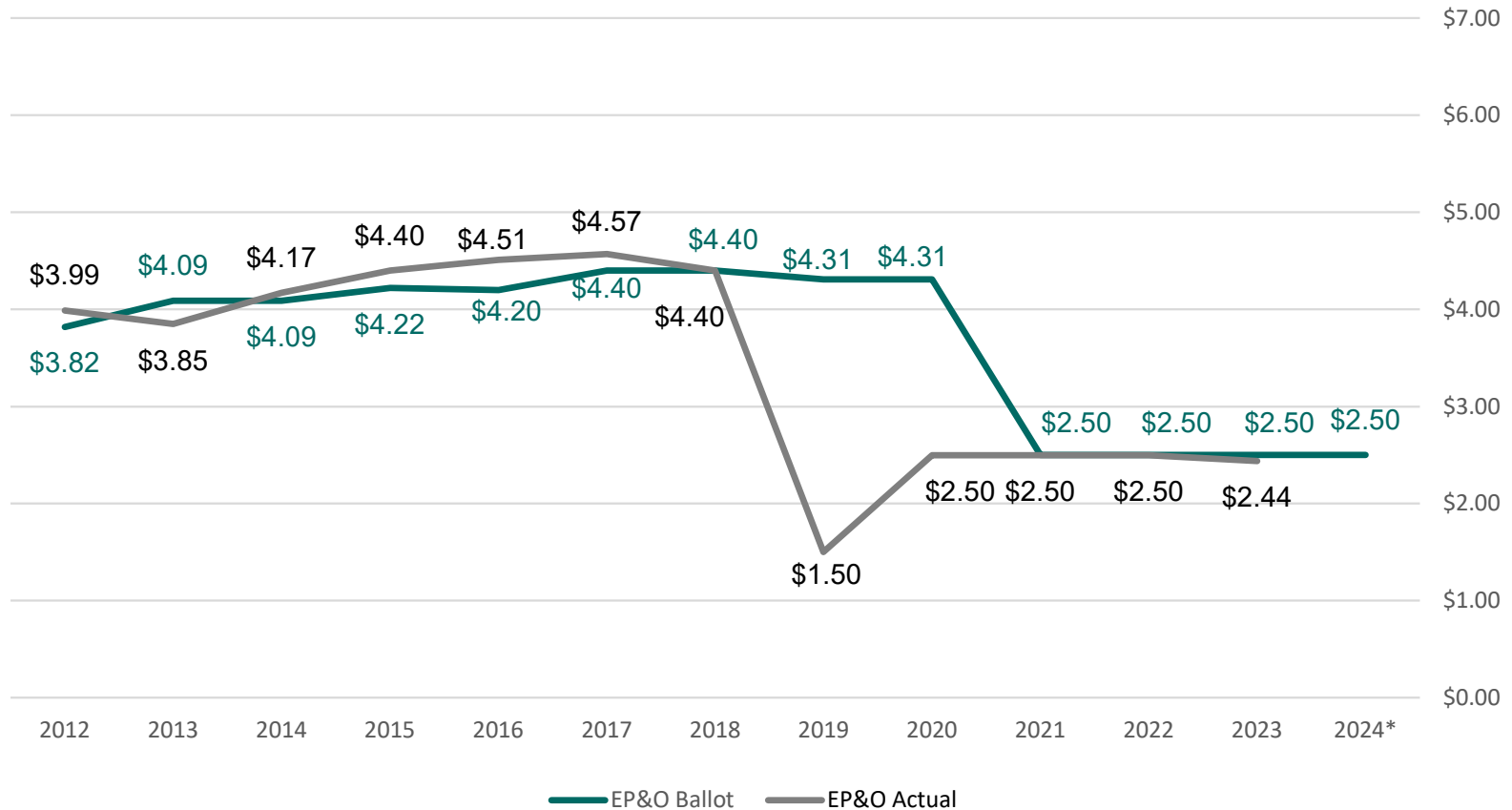
Property Values and School Taxes

Aberdeen School District
Tax Rates/\$1,000 (w/ State Schools Tax)



Property Values and School Taxes

Aberdeen School District
EP&O Ballot Tax Rate vs. Actual Tax Rate



Source: OSPI 1463-GF, 1463-BI, County Assessor Annual Report, *voter approved and projected

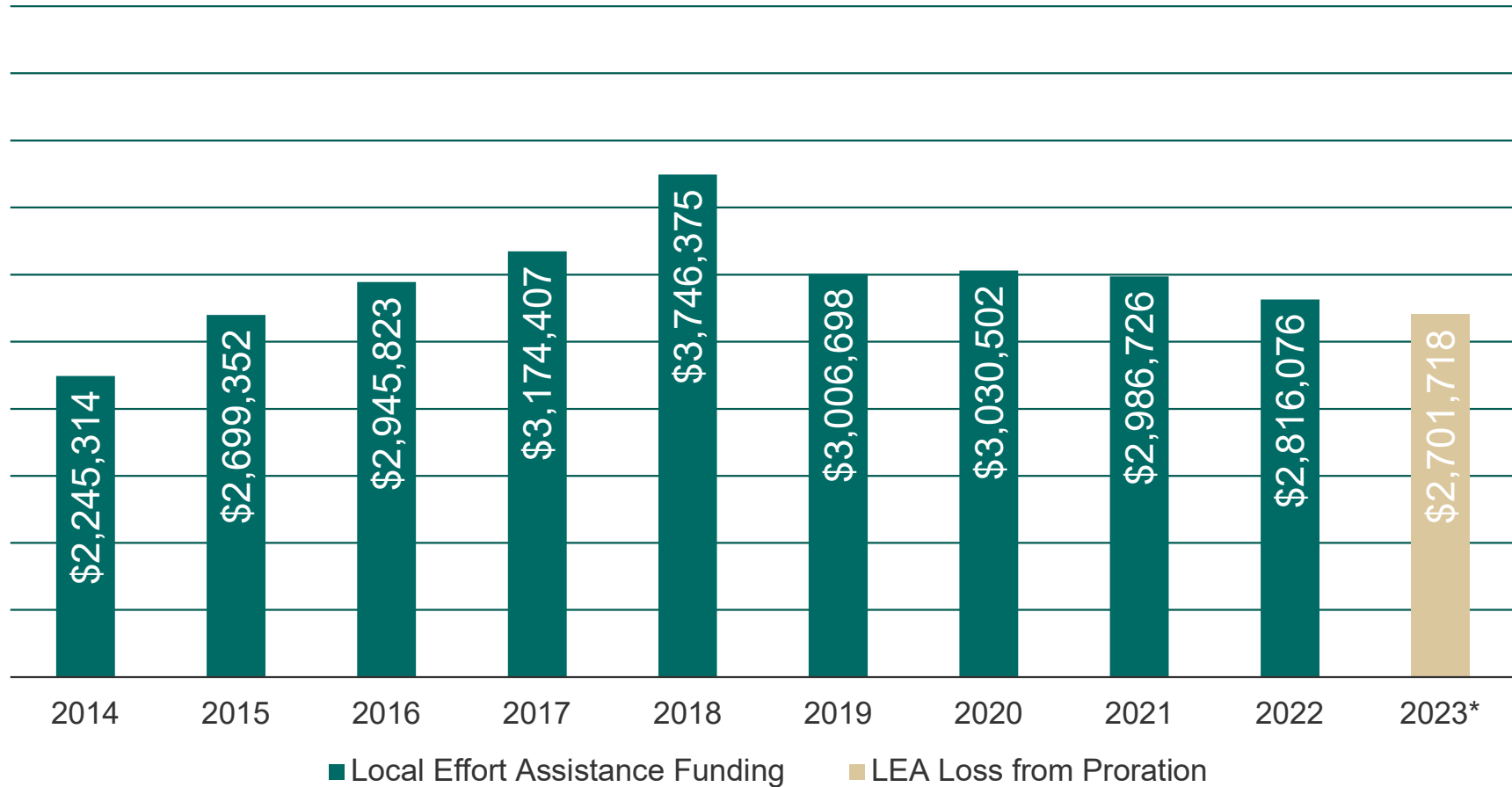
County Tax Rate Comparison

Grays Harbor County School Districts 2023 Total Tax Rates ⁽¹⁾						
School District	Assessed Value ⁽²⁾ (\$)	Bonds (\$)	M&O (\$)	Capital (\$)	Trans. (\$)	Total (\$)
Aberdeen School District No. 5	\$ 2,138,136,219	1.3814	2.4427	-	-	3.8241
Cosmopolis School District No. 99	\$ 301,111,228	0.7630	1.9866	-	-	2.7497
Elma School District No. 68	\$ 1,383,245,170	-	2.0066	-	-	2.0066
Hoquiam School District No. 28	\$ 995,387,052	1.3075	2.5000	-	-	3.8075
Mary M. Knight School District No. 79	\$ 34,088,495	-	2.0051	-	-	2.0051
McCleary School District No. 65	\$ 471,620,060	1.2203	1.7951	-	-	3.0154
Montesano School District No. 66	\$ 1,202,759,015	0.9888	1.9500	-	-	2.9388
North Beach School District No. 64	\$ 3,587,155,512	0.0073	0.5907	-	-	0.5980
North River School District No. 300	\$ 31,324,957	-	-	-	-	0.0000
Oakville School District No. 400	\$ 2,639,408,519	1.4242	1.3271	-	-	2.7513
Ocosta School District No. 172	\$ 1,059,339,666	0.8821	1.3254	0.3261	-	2.5336
Quinalt School District No. 97	\$ 174,647,530	-	1.3221	-	-	1.3221
Rochester School District No. 61	\$ 1,812,885	-	2.2058	-	-	2.2058
Satsop School District No. 104	\$ 85,741,724	-	0.9174	-	-	0.9174
Taholah School District No. 77	\$ 14,579,097	-	1.8040	-	-	1.8040
Wishkah School District No. 117	\$ 132,426,129	-	2.5000	0.2993	-	2.7993

(1) 2023 Bond Assessed Value does not include TAV.

(2) Grays Harbor County values only.

Local Effort Assistance



2024 Special Election and Resolution Filing Dates

The 2024 special election dates and ballot resolution filing deadlines pursuant to the Revised Code of Washington (“RCW”) are listed below for your information.⁽¹⁾ These are the dates permitted under current law, which are subject to change by the Legislature.

ELECTION DATE	RESOLUTION FILING DEADLINE ⁽²⁾	APPROXIMATE DATE BALLOTS ARE MAILED ⁽³⁾	COUNTY CERTIFIES ELECTION RESULTS
February 13, 2024	December 15, 2023	January 26, 2024	February 23, 2024
April 23, 2024	February 23, 2024	April 5, 2024	May 3, 2024
August 6, 2024	May 10, 2024	July 19, 2024	August 20, 2024
November 5, 2024	August 6, 2024	October 18, 2024	November 26, 2024

(1) This data is for informational purposes only and does not take the place of local, state or federal laws. Specific RCW information can be found at: http://www.secstate.wa.gov/elections/election_laws.aspx.

(2) Some dates may have been adjusted to reflect the business day prior to actual resolution filing date, according to RCW 29A.04.330, if falling on a weekend.

(3) Applies to both mail and absentee ballots. Absentee ballots are required to be mailed no later than 18 days prior to the election date. RCW 29A.40.070.

(4) ESB 5273 subject to change.

Source: *Washington Secretary of State’s Office, Elections and Voting website.*



D|A|DAVIDSON

Cory Plager

Managing Director
(509) 462-6370
cplager@dadco.com

Maura Lentini

Sr. Vice President
(206) 903-8687
mlentini@dadco.com

Crystal Vogl

Sr. Vice President
(406) 791-7214
cvogl@dadco.com

Hannah Bulla

Associate
(509) 462-6370
hbulla@dadco.com

Dave Trageser

Managing Director
(206) 903-8699
dtrageser@dadco.com

Suzanne Eide

Sr. Vice President
(206) 903-8690
seide@dadco.com

Mark Froio

Sr. Vice President
(206) 903-8690
mfroio@dadco.com

DA DAVIDSON OFFERS:

- Bond and Levy Planning
- Attend and Present at Facility/Community Meetings
- Market and Sell Bonds
- Long Range Capital Financing
- Credit Evaluation and Ratings Presentations
- Continuing Disclosure Compliance
- Annual Debt Service Fund Cash Flows
- Tax Rate Projections
- Budget Support and Notes to the Financials
- Arbitrage Rebate Support
- Monitor Potential Refunding Savings



Neither this material nor any of its contents may be disclosed, sold, or redistributed, electronically or otherwise, without prior written consent of Davidson Companies. The information presented herein is based on public information we believe to be reliable, prevailing market conditions, as well as our views at this point in time. We make no representation or warranty with respect to the accuracy or completeness of this material. Past performance is not necessarily indicative of future results. Davidson Companies does not assume any liability for any loss which may result from the reliance by any person upon such material. We make no representations regarding the legal, tax, regulatory, or accounting implications of entering into a Transaction.

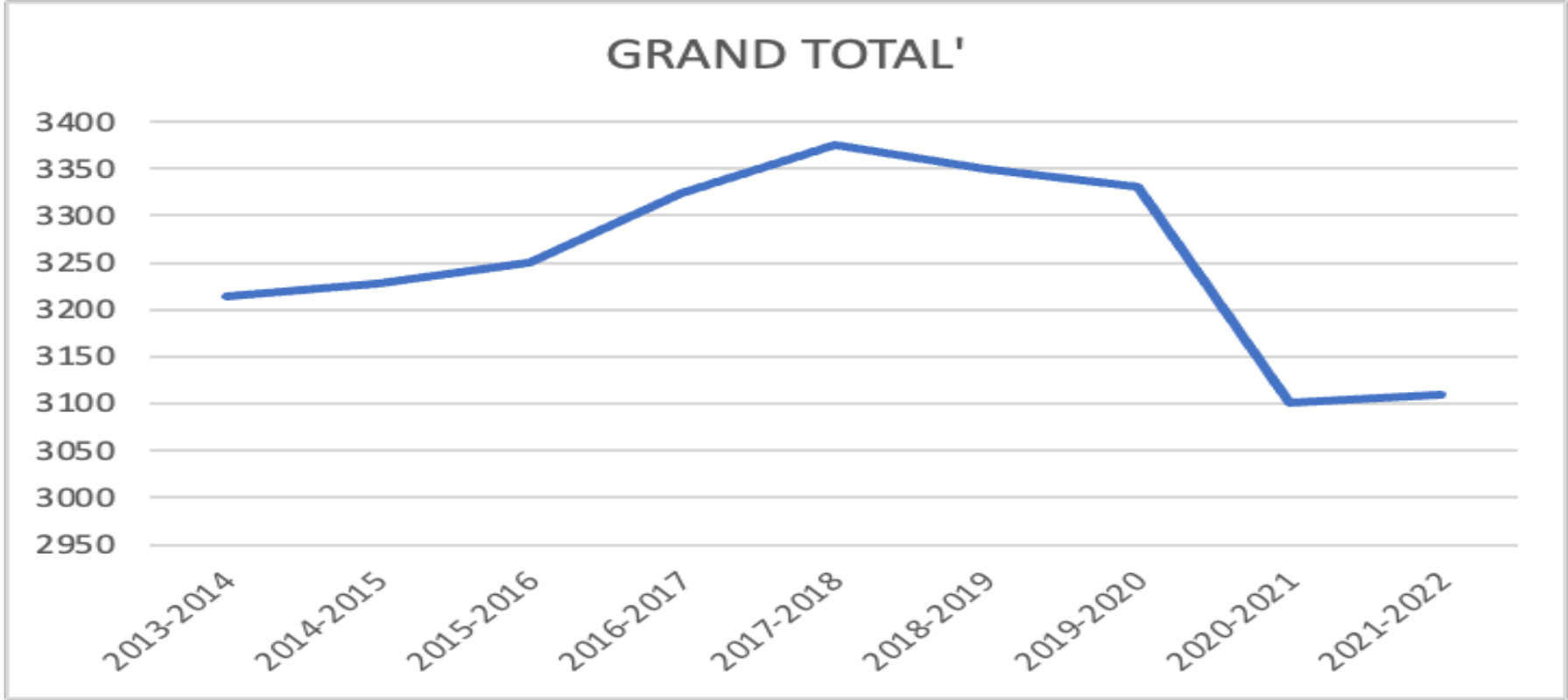
Required Disclosure Pursuant to MSRB Rule G-23: An underwriter's primary role will be to purchase as principal, or arrange for the placement of the securities in a commercial arm's length transaction with the issuer, and may have financial and other interests that differ from those of the issuer. In its capacity as underwriter and not as financial advisor, an underwriter may provide incidental financial advisory services at the issuer's request, including advice regarding the structure, timing, terms and other similar matters concerning the issuance. However, an underwriter does not assume any financial advisory or fiduciary responsibilities with respect to the issuer.



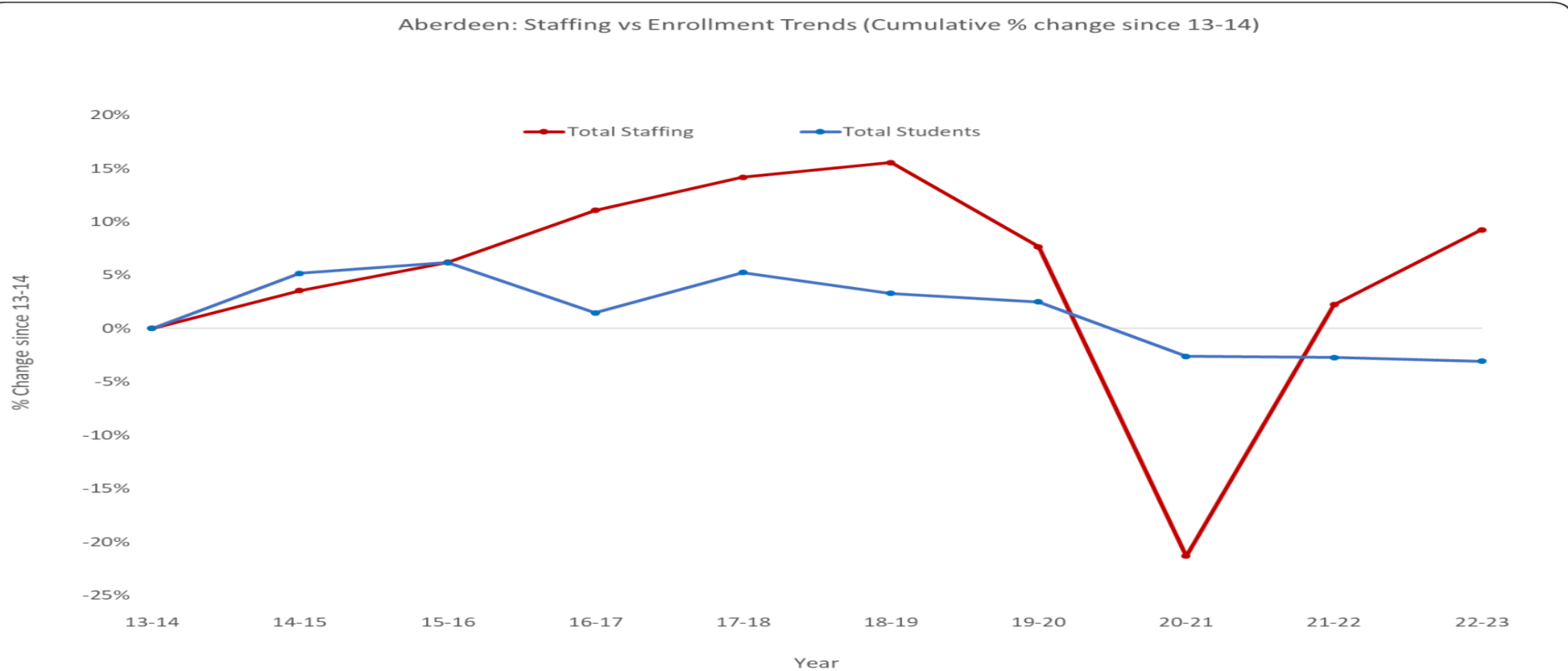
Budget Workshop

March 27, 2023

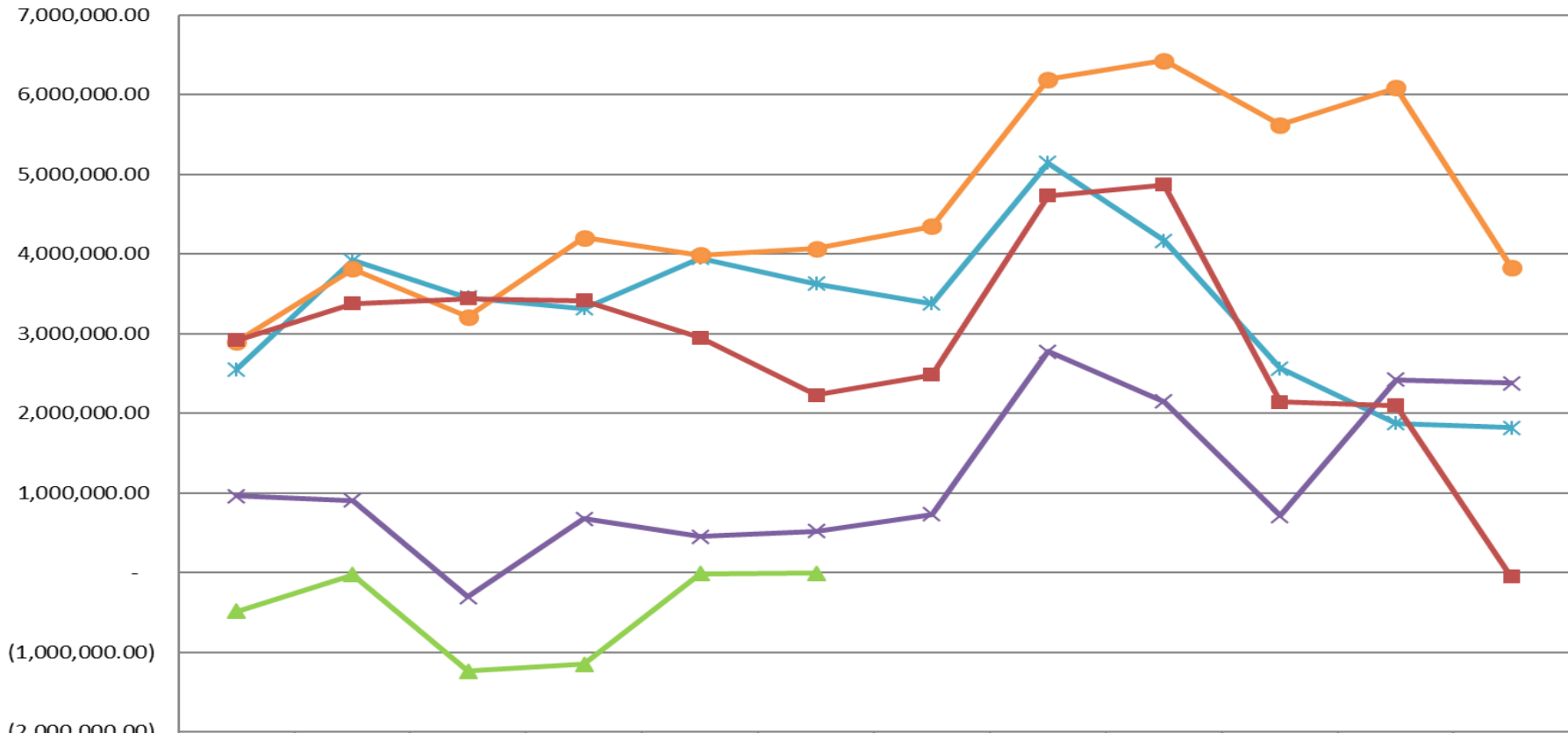
250 STUDENT ENROLLMENT DECREASE FROM 2017-2018



Staffing: ~10% Above Enrollment



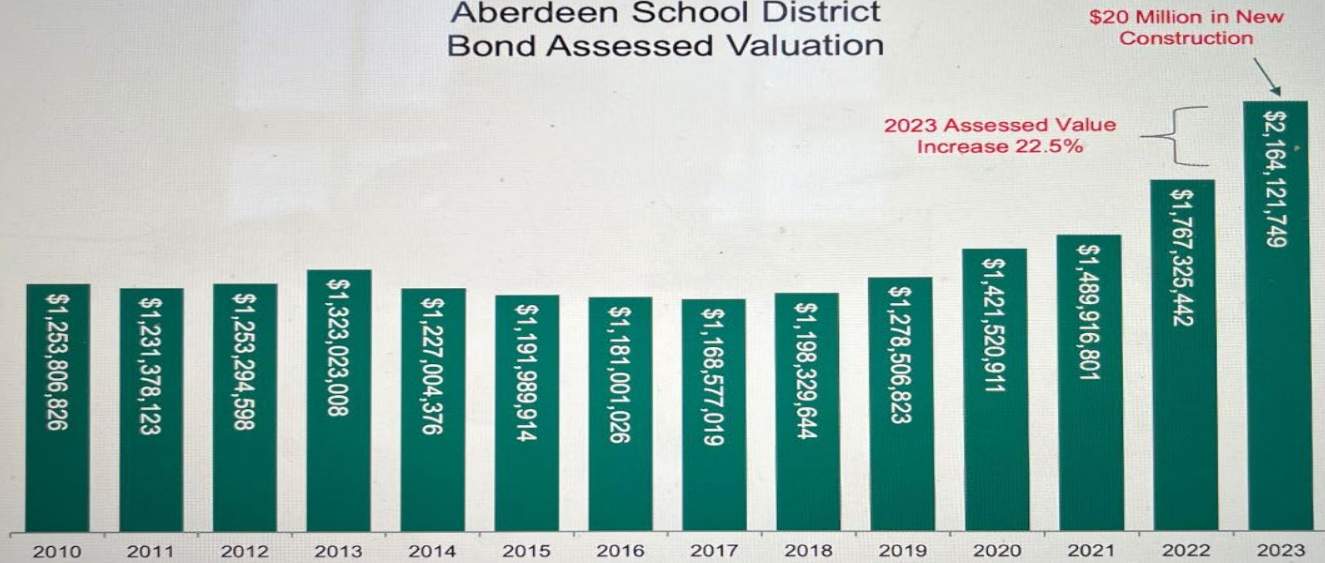
Aberdeen - General Fund Net Cash



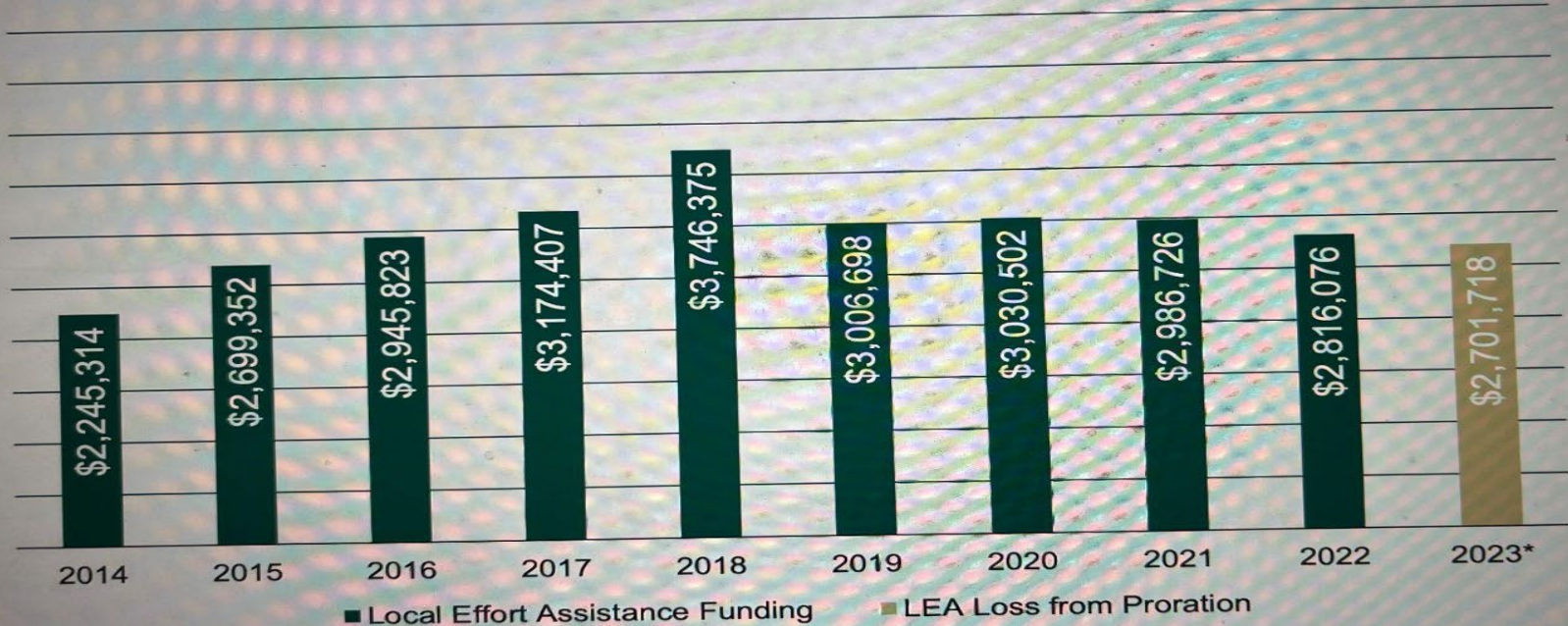
	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
2018-19 14005 Aberdeen	2,550,049.85	3,918,903.08	3,454,355.71	3,317,774.67	3,949,456.93	3,627,303.16	3,381,132.22	5,138,863.75	4,164,803.47	2,565,181.37	1,873,786.11	1,822,039.65
2019-20 14005 Aberdeen	961,926.02	907,570.85	-308,013.64	676,172.28	454,690.92	523,095.22	729,465.56	2,773,768.93	2,147,707.53	711,888.47	2,422,094.19	2,375,885.00
2020-21 14005 Aberdeen	2,900,813.39	3,813,099.60	3,207,328.18	4,201,006.45	3,985,107.80	4,069,892.13	4,344,454.22	6,188,518.32	6,426,409.38	5,620,695.35	6,083,646.64	3,831,283.56
2021-22 14005 Aberdeen	2,919,160.76	3,378,540.33	3,440,025.66	3,412,876.51	2,952,010.04	2,231,395.00	2,486,217.84	4,731,171.45	4,867,585.97	2,144,066.04	2,098,683.85	-53,317.82
2022-23 14005 Aberdeen	-482,443.48	-23,937.32	-1,233,695.25	-1,152,096.32	-13,747.29	-9,436.85						

Property Values and School Taxes

Aberdeen School District Bond Assessed Valuation



Local Effort Assistance



Property Values and School Taxes

Aberdeen School District
Tax Rates/\$1,000 (w/ State Schools Tax)

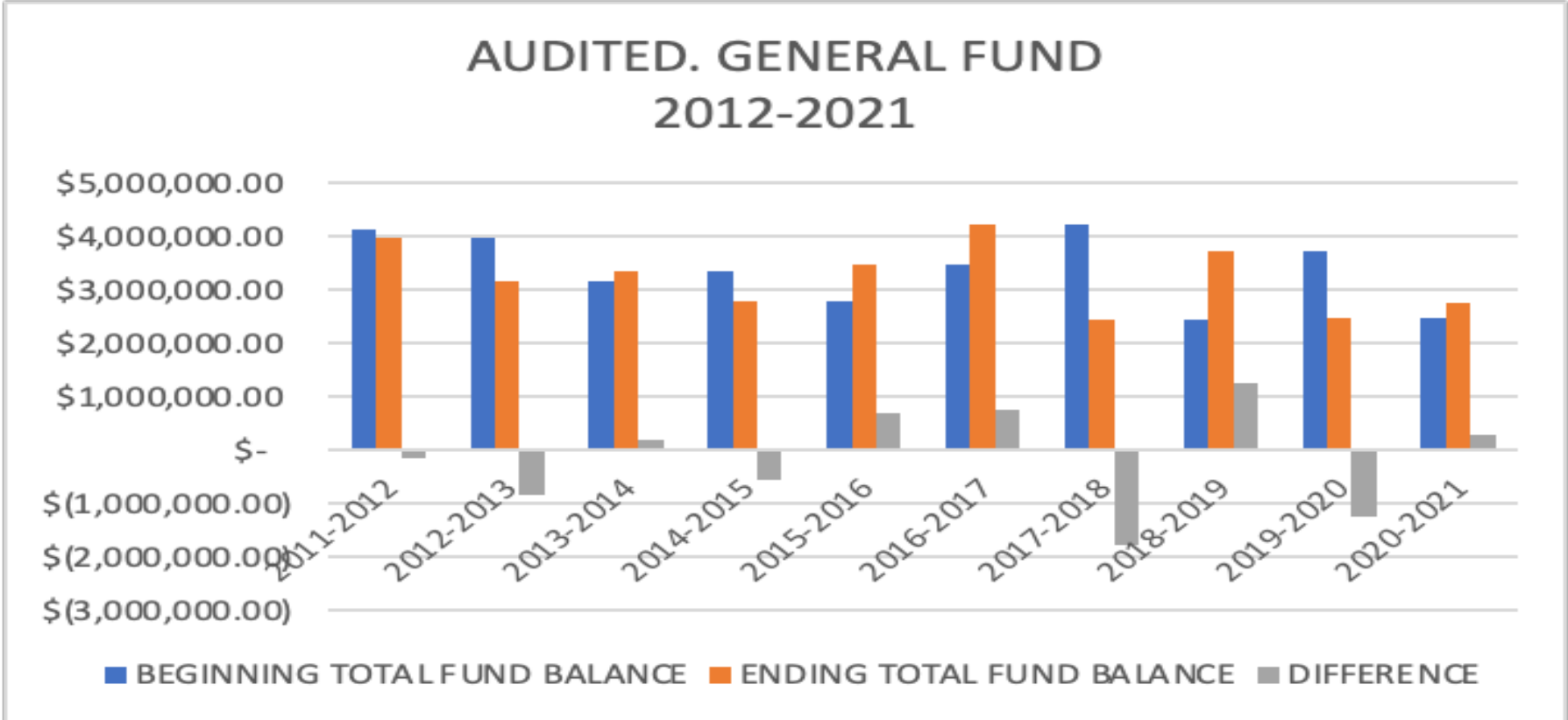


Property Values and School Taxes

Aberdeen School District
EP&O Ballot Tax Rate vs. Actual Tax Rate



GENERAL FUND BALANCES (2012-2021)



Projected Losses in Revenue: 2024

2023-

ESSER

-\$5,882,225.00

LEA

-\$2,707,108.00?

1% Declining Enrollment:

-\$306,000.00

TOTAL PROJECTED LOSS

-\$8,889,333.00

	A	B	C
1		2023-24	
2	2022-2023 Ending Fund Balance	\$3,732,902.00	
3	2023-2024 Projected Revenues (3.8 IPD)	\$57,882,980.80	
4	2023-2024 Projected Expenditures (0 IPD)	\$61,855,239.00	
5	2023-2024 Projected Expenditures (3.8 IPD)	\$64,205,738.08	
6			
7	2023-2024 Projected Deficit (0 IPD)	-\$3,972,258.20	
8	2023-2024 Projected Deficit (3.8% IPD)	-\$6,322,757.28	
9			
10	23-24 Projected Revenue INCLUDING 22-23 Fund balance	\$61,615,882.80	
11	23-24 Projected Deficit (0 IPD)	-\$239,356.20	
12	23-24 Projected Deficit (3.8% IPD) with 22-23 Fund Balance	-\$2,589,855.28	
13			
14	GOAL: \$2 MILLION FUND BALANCE BY AUGUST 31, 2024	\$2,000,000.00	
15	23-24 PROJECTED DEFICIT (0 IPD)	-\$2,239,356.20	
16	23-24 PROJECTED DEFICIT (3.8 IPD)	-\$4,589,855.28	
17			
18			
19			
20			
21			
22			

Next Steps

- Recommend reduction in spending of **\$3.5 million**
- I will be watching for the following:
 - Ending fund balance
 - Reallocation of federal grant revenues
 - Enrollment
 - Legislative adjustments to education funding
 - LEA apportionment
- I will be using the following methods to make decisions:
 - Attrition
 - Collective bargaining agreements
 - Board policies
 - Appropriate RCWs and WACs

I will use the following sources:

- ESD 113 documents
- DA Davidson historical information
- Legislative impacts
- Internal and External consultants

Aberdeen School District No. 5

RESOLUTION NO. 2023-01

Authorizing Reduced Educational Plan and Reduction in Force

WHEREAS, the Aberdeen School District is anticipating reduced financial resources and increased expenditures due to contractual commitments, inflation and other facts that will have an adverse impact on the District's ability to maintain its current educational programs, operations and staffing; and

WHEREAS, the Aberdeen School District is currently projecting that expenditures for 2023-2024 will need to be reduced by \$3.5 million; and

WHEREAS, in order to reduce District expenditures to the level of reasonably anticipated revenues, it is necessary to make certain reductions in the District's educational program, including reductions in administrative, certificated and classified staffing for the 2023-2024 school year;

NOW, THEREFORE, BE IT RESOLVED by the Aberdeen School District No. 5 Board of Directors that:

1. The Superintendent is directed to develop a reduced educational program for 2023-2024 and to develop a quality comprehensive program utilizing anticipated reduced revenues;
2. The Superintendent is directed to prepare a 2023-2024 operating budget that reduces expenditures to the level of reasonably anticipated revenues;
3. The Superintendent is directed to take such action as may be required by law and collective bargaining agreements to notify administrative, certificated and classified employees who will be affected by reductions in positions; and
4. The Superintendent is authorized to make such other plans to implement the reduced educational program as are necessary to comply with the legal obligations of the District.
5. The Superintendent is to return all employment recommendations for lay-off and/or furlough to the Board for final action.

ADOPTED by the Board of Directors of Aberdeen School District No. 5, Grays Harbor County, Washington, at a special meeting thereof held on the 27th day of March, 2023.

ABERDEEN SCHOOL DISTRICT NO. 5, GRAYS
HARBOR COUNTY, WASHINGTON

Jennifer Durney, President

Suzy Ritter, Vice President

Jessica Jurasin, Director

Annica Mizin, Director

ATTEST:

Jeffrey Thake, Secretary to the Board

Jeremy Wright, Director