



# **BRIGHTON AREA SCHOOLS**

## **NOVEMBER, 2019 BOND PROPOSAL** **FINANCIAL FREQUENTLY ASKED QUESTIONS (“FAQ’S”)** **AND SUMMARY**

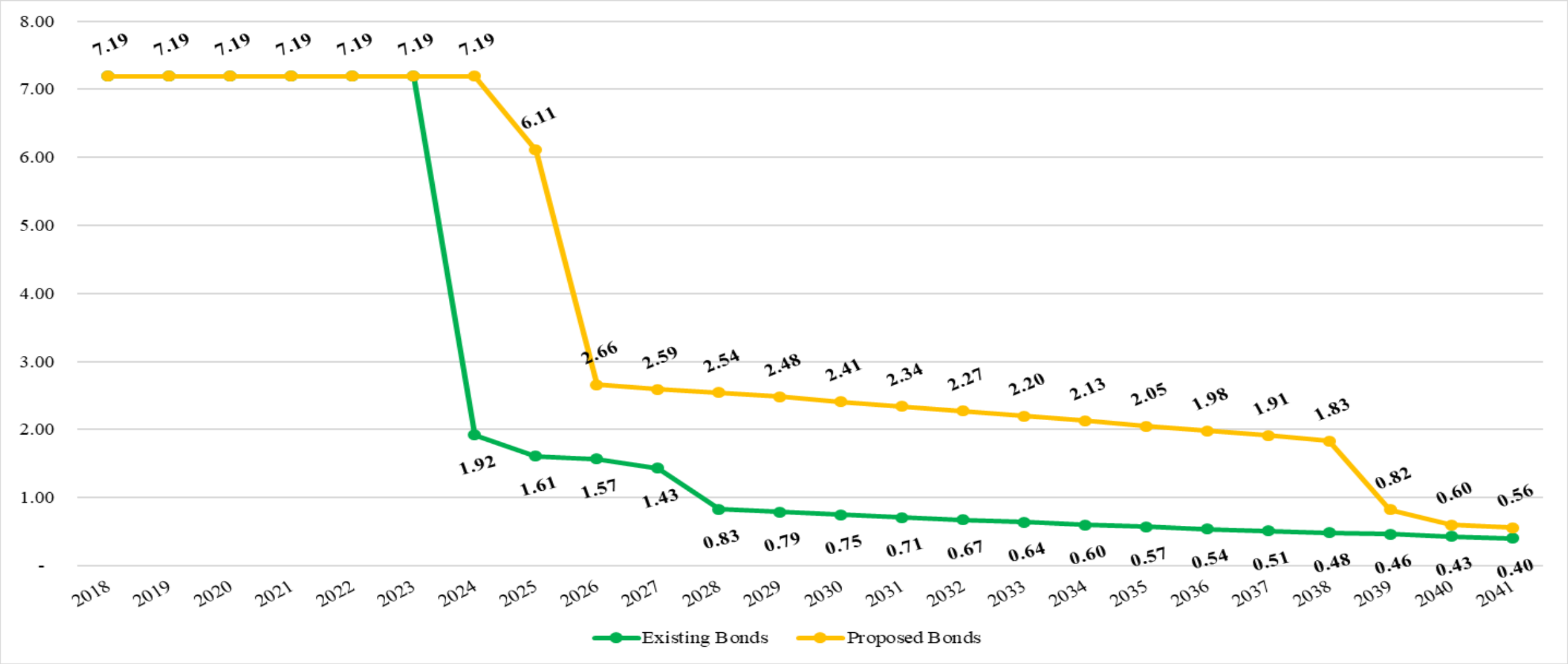
# SUMMARY OF CAPITAL IMPROVEMENT PLAN

<u>Bonds issue year</u>	<u>2020</u>
<b><u>Estimated uses of funds</u></b>	
Construction deposit [1]	\$59,380,602
Underwriter's discount allowance	593,750
Bond issuance/election costs	242,147
Less estimated interest income	(841,499)
<b>Totals</b>	<b><u>\$59,375,000</u></b>
<p>[1] Technology equipment has a five year useful life allowance from the time installed. Buses have a six year useful life.</p>	

<u>Bond millage rate difference</u>	<u>2020</u>	<u>2019</u>	<u>Difference</u>
Total	<u>7.19</u>	<u>7.19</u>	-
Annual difference - \$100,000 market value/ \$50,000 taxable value property			<u>\$0.00</u>
Monthly difference			\$0.00

# ESTIMATED BOND MILLAGE STUDY

(Assumes Taxable Value Growth of 2.50%)



# ESTIMATED BOND PRINCIPAL BALANCE AND BOND MILLAGE RATE



<b>Estimated Bonds Principal Balance</b>					
As of June 30th	Existing Bonds Principal Balance	Proposed Bonds Principal Balance		Total Existing and Proposed Principal Balance	Estimated Total Bonds Millage
		2020 Bonds	Total Proposed Principal Balance		
2019	\$65,093,182	\$0	\$0	\$65,093,182	7.19
2020	49,285,000	59,375,000	59,375,000	108,660,000	7.19
2021	46,110,000	59,375,000	59,375,000	105,485,000	7.19
2022	42,935,000	57,675,000	57,675,000	100,610,000	7.19
2023	39,735,000	55,800,000	55,800,000	95,535,000	7.19
2024	36,535,000	53,945,000	53,945,000	90,480,000	7.19
2025	33,335,000	51,945,000	51,945,000	85,280,000	6.11
2026	29,990,000	50,335,000	50,335,000	80,325,000	2.66
2027	26,495,000	49,335,000	49,335,000	75,830,000	2.59
2028	23,175,000	47,985,000	47,985,000	71,160,000	2.54
2029	21,525,000	44,790,000	44,790,000	66,315,000	2.48
2030	19,875,000	41,410,000	41,410,000	61,285,000	2.41
2031	18,225,000	37,845,000	37,845,000	56,070,000	2.34
2032	16,575,000	34,095,000	34,095,000	50,670,000	2.27
2033	14,925,000	30,160,000	30,160,000	45,085,000	2.20
2034	13,275,000	26,040,000	26,040,000	39,315,000	2.13
2035	11,625,000	21,735,000	21,735,000	33,360,000	2.05
2036	9,975,000	17,245,000	17,245,000	27,220,000	1.98
2037	8,325,000	12,570,000	12,570,000	20,895,000	1.91
2038	6,675,000	7,710,000	7,710,000	14,385,000	1.83
2039	5,025,000	2,665,000	2,665,000	7,690,000	0.82
2040	3,350,000	1,305,000	1,305,000	4,655,000	0.60
2041	1,675,000	650,000	650,000	2,325,000	0.56

# **BALLOT LANGUAGE FREQUENTLY ASKED QUESTIONS (“FAQ’S”)**

**Q. In the ballot language, the first paragraph states a not to exceed figure of \$59,375,000 of general obligation unlimited tax bonds, what does this mean?**

A. With approval of this bond proposal, the maximum amount of bonds to be issued can be no greater than \$59,375,000.

**Q. In the ballot language, it states that the estimated millage that will be levied in 2020 to pay the proposed bonds in the first year is 1.61 mills, what does this mean?**

A. This means that the total estimated bond millage rate to be levied in the first year (2020) for this proposal is 1.61 mills. (1.61 mills new bonds + 5.58 mills existing bonds = 7.19 total estimated 2020 millage rate)

**Q. Is there an increase in the bond millage rate in this bond proposal?**

A. No.

# **BALLOT LANGUAGE FREQUENTLY ASKED QUESTIONS (“FAQ’S”)**

**Q. In the ballot language it states that the maximum number of years any series of bonds may be outstanding, exclusive of refunding, is not more than 23 years, what does this mean?**

A. Each bond series in the proposal must have a length of 23 years or shorter.

**Q. In the ballot language it states that estimated simple average annual millage that will be required to retire each bond series is 1.32 mills annually, what does this mean?**

A. This means that over the entire life of the bond proposal that the simple average annual bond millage rate is estimated to be 1.32 mills.

**Q. In the ballot language it states that the school district does expect to borrow from the State to pay debt service on the bonds. It also says the estimated total principal amount of the borrowing is \$0 and estimated interest is \$2,628,302. What does this mean?**

A. In order to achieve a lower targeted total bond millage rate of 7.19 mills, the school district is utilizing a State program known as the School Loan Revolving Fund ("SLRF"). The SLRF provides loans to school districts for voted bond issues reducing the amount property taxes needed to be collected from the community in order to fund the annual bond payments during the borrowing period. This paragraph provides the estimated amount of borrowing and interest associated with this bond proposal by participating in the SLRF.

# **BALLOT LANGUAGE FREQUENTLY ASKED QUESTIONS (“FAQ’S”)**

**Q. In the ballot it states that the estimated duration of the borrowing is 8 years and that the estimated computed millage rate for such levy is 7.19 mills. What does this mean?**

A. This section means that it is estimated that the school district will participate in the SLRF for an 8 year duration and that the presently agreed upon participation bond millage rate is 7.19 mills.

**Q. In the ballot language it states that the amount of qualified bonds currently outstanding is \$65,093,182 and that the total amount of qualified loans currently outstanding is \$35,052,466. What does this mean?**

A. The Michigan School Bond Qualification and Loan Program ("SBQLP") is a state program that assists school districts with voted bond issues by providing a bond rating credit enhancement which assists in reducing borrowing costs. The term "qualified" in this case means that the school district has existing bonds outstanding that are qualified by the SBQLP. At the time of the election the principal amount of qualified bonds is \$65,093,182.

In order to achieve a lower targeted total bond millage rate of 7.19 mills, the school district has utilized a State program known as the School Loan Revolving Fund ("SLRF"). The SLRF provides loans to school districts for voted bond issues reducing the amount property taxes needed to be collected from the community in order to fund the annual bond payments during the borrowing period. In this case the term "qualified loans" is referring to the school district's present estimated principal and interest SLRF balance of \$35,052,466.

# **OTHER FINANCIAL FREQUENTLY ASKED QUESTIONS (“FAQ’S”)**

**Q. When will the millage for this proposal first be levied?**

A. On the December 1, 2020 property tax bill.

**Q. Are technology purchases going to be amortized over a 23 year period?**

A. No. Technology purchases are required to be amortized over a 5 year period beginning at the point of installation.

**Q. Is the bond millage rate expected to be the same for the next 23 years?**

A. No. The bond millage rate is estimated to remain at 7.19 mills through 2024, thereafter it is estimated to decline due to bond repayment and taxable value growth.



# OTHER FINANCIAL FREQUENTLY ASKED QUESTIONS (“FAQ’S”)

**Q. What are the present 5 year and 20 year historical taxable value growth averages for the school district? What taxable value growth assumptions are being utilized to estimate the proposed bond millage rate?**

A. The present 5 year historical taxable value growth rate for the school district is 4.01%. The present 20 year average taxable value growth rate is 3.43%. For years 2020 through 2024, a 2.50% taxable value growth assumption has been used. For years 2025 and beyond, a 2.50% taxable value growth assumption has been used.

**Q. Are there property tax exemptions to anyone of any kind?**

A. If a business has been granted an Industrial Facilities Tax ("IFT") credit then only half of the taxable value is subject to the bond millage. The business would need to verify if some of the taxable value has been designated for the IFT credit.

One item a community member could research is the Michigan Homestead Property Tax Credit. The Michigan Homestead Property Tax Credit is a method through which some taxpayers can receive a credit for an amount of their property tax that exceeds a certain percentage of their household income. This program establishes categories under which homeowners or renters are eligible for a Homestead Property Tax Credit. We would recommend that community members consult their tax provider to determine if they are eligible for this tax credit.

**Q. Are businesses and second homes (non-homestead) and primary homes (homestead) treated the same regarding bond millage?**

A. Yes, businesses and second homes (non-homestead) and primary homes (homestead) are treated the same regarding bond millage.