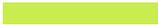


# WHITEFORD AGRICULTURAL SCHOOL DISTRICT



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

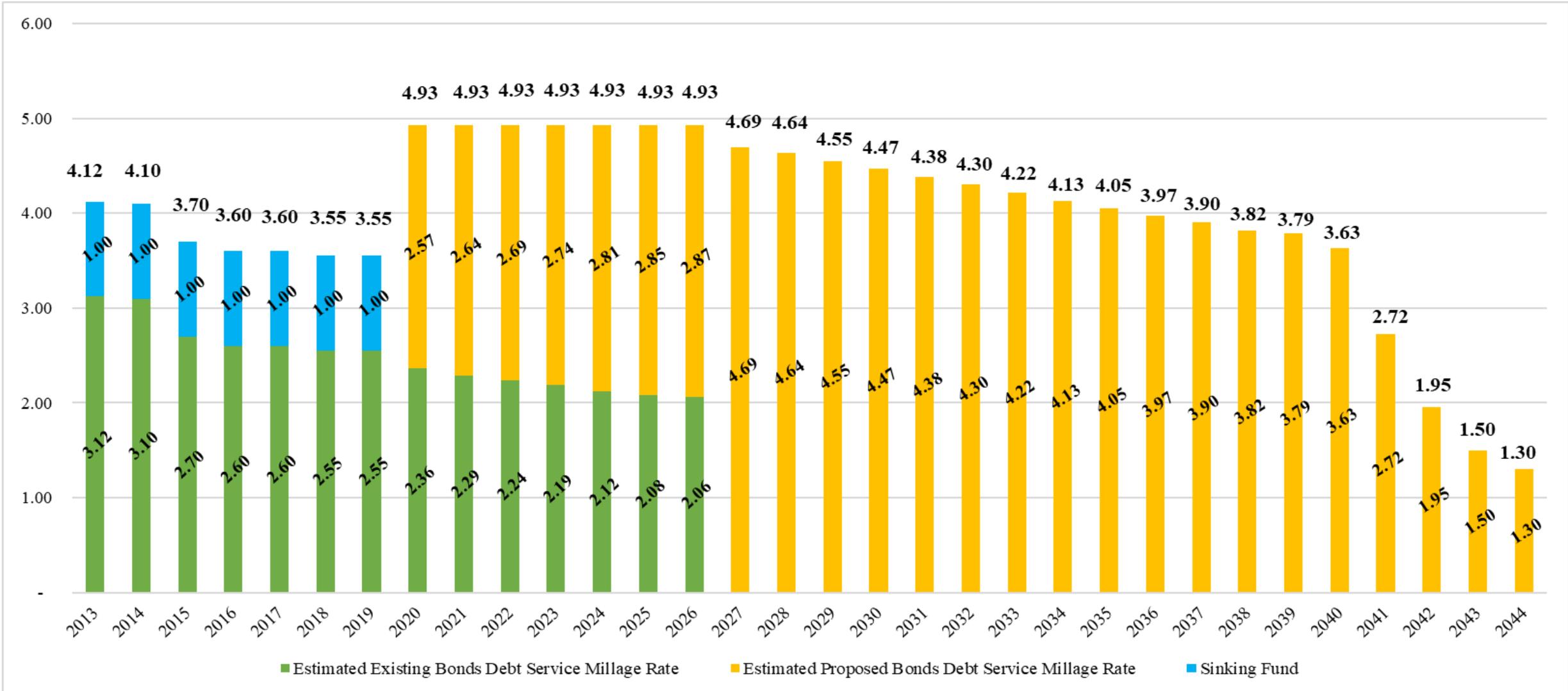
# SUMMARY OF CAPITAL IMPROVEMENT PLAN

<u>Bonds issue year</u>	<u>2020</u>	<u>2022</u>	<u>2024</u>	<u>Total Proposal</u>
<b><u>Estimated uses of funds</u></b>				
Construction deposit [1]	\$4,702,202	\$7,543,413	\$2,910,323	\$15,155,938
Underwriter's discount allowance	47,900	76,400	29,750	154,050
Bond issuance/election costs	73,454	74,018	55,694	203,166
Less estimated interest income	(33,556)	(53,831)	(20,767)	(108,154)
<b>Totals</b>	<b><u><u>\$4,790,000</u></u></b>	<b><u><u>\$7,640,000</u></u></b>	<b><u><u>\$2,975,000</u></u></b>	<b><u><u>\$15,405,000</u></u></b>
[1] Technology equipment has a five year useful life allowance from the time installed.				

<u>Capital millage rate difference</u>	<u>Proposed 2020</u>	<u>Existing 2019</u>	<u>Difference</u>
Proposed bonds	2.57		2.57
Existing bonds	2.36	2.55	(0.19)
Existing sinking fund [1]	-	1.00	(1.00)
<b>Total</b>	<b><u><u>4.93</u></u></b>	<b><u><u>3.55</u></u></b>	<b><u><u>1.38</u></u></b>
Annual difference - \$100,000 market value/ \$50,000 taxable value property			<u><u>\$69.00</u></u>
Monthly difference			<u><u>\$5.75</u></u>
[1] Existing sinking fund is proposed not to be levied in conjunction with bond proposal adoption.			

# HISTORICAL/ESTIMATED CAPITAL MILLAGE RATES

(Assumes Taxable Value Growth of 1.75% - 2.63%)



# ESTIMATED BOND PRINCIPAL BALANCE

Estimated Bonds Principal Balance						
As of June 30th	Existing Bonds Principal Balance	Proposed Bonds Principal Balance			Total Proposed Principal Balance	Total Existing and Proposed Principal Balance
		2020 Bonds	2022 Bonds	2024 Bonds		
2019	\$3,760,000	\$0			\$0	\$3,760,000
2020	3,355,000	4,790,000			4,790,000	8,145,000
2021	2,930,000	4,500,000			4,500,000	7,430,000
2022	2,490,000	4,070,000	\$7,640,000		11,710,000	14,200,000
2023	2,030,000	4,070,000	7,640,000		11,710,000	13,740,000
2024	1,550,000	4,070,000	7,465,000	\$2,975,000	14,510,000	16,060,000
2025	1,055,000	4,070,000	7,435,000	2,975,000	14,480,000	15,535,000
2026	540,000	4,070,000	7,385,000	2,915,000	14,370,000	14,910,000
2027	-	4,070,000	7,310,000	2,855,000	14,235,000	14,235,000
2028	-	3,895,000	6,925,000	2,765,000	13,585,000	13,585,000
2029	-	3,715,000	6,520,000	2,670,000	12,905,000	12,905,000
2030	-	3,530,000	6,100,000	2,570,000	12,200,000	12,200,000
2031	-	3,340,000	5,665,000	2,465,000	11,470,000	11,470,000
2032	-	3,150,000	5,215,000	2,350,000	10,715,000	10,715,000
2033	-	2,955,000	4,745,000	2,230,000	9,930,000	9,930,000
2034	-	2,755,000	4,255,000	2,105,000	9,115,000	9,115,000
2035	-	2,550,000	3,745,000	1,975,000	8,270,000	8,270,000
2036	-	2,335,000	3,215,000	1,840,000	7,390,000	7,390,000
2037	-	2,110,000	2,665,000	1,700,000	6,475,000	6,475,000
2038	-	1,875,000	2,090,000	1,555,000	5,520,000	5,520,000
2039	-	1,630,000	1,490,000	1,405,000	4,525,000	4,525,000
2040	-	1,375,000	865,000	1,230,000	3,470,000	3,470,000
2041	-	1,110,000	455,000	830,000	2,395,000	2,395,000
2042	-	835,000	300,000	430,000	1,565,000	1,565,000
2043	-	550,000	200,000	200,000	950,000	950,000
2044	-	255,000	100,000	100,000	455,000	455,000

# ESTIMATED DIFFERENCE IN ANNUAL TAX BILL

Market Value	Taxable Value	Millage Increase	Annual Increase	Monthly Increase
45,000	22,500	1.38	\$31.05	\$2.59
50,000	25,000	1.38	34.50	2.88
55,000	27,500	1.38	37.95	3.16
60,000	30,000	1.38	41.40	3.45
65,000	32,500	1.38	44.85	3.74
70,000	35,000	1.38	48.30	4.03
75,000	37,500	1.38	51.75	4.31
80,000	40,000	1.38	55.20	4.60
85,000	42,500	1.38	58.65	4.89
90,000	45,000	1.38	62.10	5.18
95,000	47,500	1.38	65.55	5.46
100,000	50,000	1.38	69.00	5.75
105,000	52,500	1.38	72.45	6.04
110,000	55,000	1.38	75.90	6.33
115,000	57,500	1.38	79.35	6.61
120,000	60,000	1.38	82.80	6.90
125,000	62,500	1.38	86.25	7.19
130,000	65,000	1.38	89.70	7.48
135,000	67,500	1.38	93.15	7.76
140,000	70,000	1.38	96.60	8.05
145,000	72,500	1.38	100.05	8.34
150,000	75,000	1.38	103.50	8.63
155,000	77,500	1.38	106.95	8.91
160,000	80,000	1.38	110.40	9.20
165,000	82,500	1.38	113.85	9.49
170,000	85,000	1.38	117.30	9.78
175,000	87,500	1.38	120.75	10.06
180,000	90,000	1.38	124.20	10.35
185,000	92,500	1.38	127.65	10.64
190,000	95,000	1.38	131.10	10.93
195,000	97,500	1.38	134.55	11.21

Market Value	Taxable Value	Millage Increase	Annual Increase	Monthly Increase
200,000	100,000	1.38	\$138.00	\$11.50
205,000	102,500	1.38	141.45	11.79
210,000	105,000	1.38	144.90	12.08
215,000	107,500	1.38	148.35	12.36
220,000	110,000	1.38	151.80	12.65
225,000	112,500	1.38	155.25	12.94
230,000	115,000	1.38	158.70	13.23
235,000	117,500	1.38	162.15	13.51
240,000	120,000	1.38	165.60	13.80
245,000	122,500	1.38	169.05	14.09
250,000	125,000	1.38	172.50	14.38
255,000	127,500	1.38	175.95	14.66
260,000	130,000	1.38	179.40	14.95
265,000	132,500	1.38	182.85	15.24
270,000	135,000	1.38	186.30	15.53
275,000	137,500	1.38	189.75	15.81
280,000	140,000	1.38	193.20	16.10
285,000	142,500	1.38	196.65	16.39
290,000	145,000	1.38	200.10	16.68
295,000	147,500	1.38	203.55	16.96
300,000	150,000	1.38	207.00	17.25
305,000	152,500	1.38	210.45	17.54
310,000	155,000	1.38	213.90	17.83
315,000	157,500	1.38	217.35	18.11
320,000	160,000	1.38	220.80	18.40
325,000	162,500	1.38	224.25	18.69
330,000	165,000	1.38	227.70	18.98
335,000	167,500	1.38	231.15	19.26
340,000	170,000	1.38	234.60	19.55
345,000	172,500	1.38	238.05	19.84
350,000	175,000	1.38	241.50	20.13

Note: The above information is for estimation purposes only. Please consult a tax professional when evaluating individual circumstances.

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

**Q. In the ballot language, the first paragraph states a not to exceed figure of \$15,405,000 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 \$15,405,000.

**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 2.57 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 2.57 mills. (2.57 mills new bonds + 2.36 mills existing bonds = 4.93 total estimated 2020 millage rate)

**Q. Is there an estimated increase in the total capital millage in this bond proposal?**

A. Yes, the total capital millage rate is estimated to increase by 1.38 mills. For a \$100,000 market value home this equates to an estimated increase of \$69.00 per year or \$5.75 per month.

	2020	2019	Difference
Proposed bonds	2.57	-	2.57
Existing bonds	2.36	2.55	(0.19)
Existing sinking fund [1]	-	1.00	(1.00)
Total estimated capital millage rate	4.93	3.55	1.38

[1] Existing sinking fund is proposed not to be levied in conjunction with bond proposal adoption.

# **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 25 years, what does this mean?**

A. Each bond series in the proposal must have a length of 25 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 3.41 mills annually, what does this mean?**

A. This means that over the entire life of the bond proposal (all 3 new bond series) that the simple average annual bond millage rate is estimated to be 3.41 mills.

**Q. In the ballot language it states that the school district does not expect to borrow from the State to pay debt service on the bonds. What does this mean?**

A. There is a State program known as the School Loan Revolving Fund ("SLRF") that assists school districts with completing voted bond issues by allowing them to borrow from the SLRF for bond payments. The school district does not anticipate borrowing from the SLRF for this proposal.

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

**Q. In the ballot language it states that the amount of qualified bonds currently outstanding is \$3,760,000 and that the total amount of qualified loans currently outstanding is \$0. 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 \$3,760,000.

Another State program known as the School Loan Revolving Fund ("SLRF") provides loans to school districts to assist with voted bonds annual payments if needed. The term "qualified loans" refers to any SLRF loan balances outstanding. The school district has not needed to borrow from this program and therefore the balance at the time of the election is \$0.

# **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. Is the school district going to immediately issue \$15,405,000 of bonds?**

A. No. The bonds are proposed to be issued in 3 series (2020, 2022, and 2024). This allows for years of bond repayments to occur before a new bond issue is completed.

**Q. Why is the school district not issuing all \$15,405,000 of bonds at one time?**

A. Due to the size of the district, it is not feasible to have all projects completed at one time. For this reason, the district has decided to issue the bonds in 3 series in order to reduce interest expense and maximize capital project funding.

**Q. Are technology purchases going to be amortized over a 30 year period?**

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

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

**Q. Is the bond millage rate expected to be the same for the next 25 years?**

A. No. The bond millage rate is estimated to remain at 4.93 mills through 2026, thereafter it is estimated to decline due to bond repayment and taxable value growth.

**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 2.63%. The present 20 year average taxable value growth rate is 3.12%. For years 2020 through 2024, a 2.63% taxable value growth assumption has been used. For years 2025 and beyond, a 1.75% 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.

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

**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.