

Is It Allowable?		YES	NO	NO ²
1	Construction of new school buildings	YES	YES	NO ²
2	Construction of additions to existing school buildings	YES	YES	YES ¹
3	Remodeling existing school buildings	YES	YES	YES ¹
4	Energy conservation improvements	YES	YES	YES ¹
5	Asbestos abatement	YES	YES	NO
6	School buses	YES	NO	YES ¹
7	Purchasing land	YES	YES	YES
8	Developing and improving sites	YES	YES	YES
9	Developing and improving athletic and physical education facilities	YES	YES	YES
10	Developing and improving playgrounds	YES	YES ³	YES
11	Costs of the required audit	YES	YES	N/A
12	Refunding debt	YES	NO	N/A
13	Direct bond program costs, such as professional fees, election costs, issuance costs, qualification fees, insurance fees (paid after the bond issue has been approved by voters)	YES	N/A	N/A
14	Loose furnishings and equipment (including furniture and equipment not permanently affixed to the building) and computers for non-instructional use	YES	NO	YES
15	Purchasing technology. This is limited to: hardware and communication devices that transmit, receive, or compute information for pupil instructional purposes and initial purchase of operating system and customized application software if acquired in conjunction with hardware	YES	NO	NO
16	Repairs	NO	YES ⁴	YES
17	Maintenance	NO	NO ⁵	YES
18	Supplies	NO	NO	YES
19	Salaries	NO	NO	YES
20	Lease payments	NO	NO	YES
21	Automobiles, trucks, or vans	NO	NO	YES
22	Portable classrooms	NO	YES	NO
23	Uniforms	NO	NO	YES
24	Textbooks	NO	NO	NO
25	Upgrades to an existing computer operating system or application software	NO	NO	YES
26	Computer training, consulting, or maintenance contracts	NO	NO	YES

¹ Costs may be shared based upon proration of community use versus school use

² Unless building is a community recreation building

³ Excludes playground equipment of non-permanent nature

⁴ Must be completed by contracted sources

⁵ Maintenance generally means keeping assets in good condition and repairs are directed at putting them back into good condition. Maintenance is preventative while repairs are curative.

THIS DOCUMENT DOES NOT NECESSARILY EXPRESS THE VIEW OF
TREASURY, BUT IT IS A GUIDE THAT THRUN LAW FIRM USES WITH
ITS CLIENTS

THE REVISED SCHOOL CODE (EXCERPT)
Act 451 of 1976

380.1351a Borrowing money and issuing bonds.

Sec. 1351a. (1) Beginning with bonds issued after May 1, 1994, a school district, including, but not limited to, a school district that is a community district or a qualifying school district, shall not borrow money and issue bonds of the district under section 1351(1). However, a school district, including, but not limited to, a school district that is a community district, may borrow money and issue bonds of the district to defray all or a part of the cost of rebasing, erecting, completing, or installing, or for technology, school buses, field/plant facilities, or parts of or additions to those new or additional buildings; acquiring, preparing, developing, or installing, or for other uses; school buses; acquiring, installing, or equipping, or for accomplishing a combination of the purposes set forth in this subsection. Section 1351(2) to (4) applies to bonds issued under this section.

(2) The proceeds of bonds issued under this section or under section 11i of the state school aid act of 1979, MCL 388.1611i, shall be used for capital expenditures and to pay costs of bond issuance, and shall not be used for maintenance costs. Except as otherwise provided in this subsection, a school district that issues bonds under this section or under section 11i of the state school aid act of 1979, MCL 388.1611i, shall have an independent audit, using generally accepted accounting principles, of its bonding activities under these sections conducted within 120 days after completion of all projects financed by the proceeds of the bonds and shall submit the audit report to the department of treasury. For bonds issued under section 11i of the state school aid act of 1979, MCL 388.1611i, the independent audit required under this subsection may be conducted and submitted with the annual report required under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(3) A school district, including, but not limited to, a school district that is a community district, shall not borrow money and issue notes or bonds under this section to defray all or part of the costs of any of the following:

- (a) Upgrades to operating system or application software.
 - (b) Media, including diskettes, compact discs, video tapes, and disks, unless used for the storage of initial operating system software or customized application software included in the definition of technology under this section.
 - (c) Training, consulting, maintenance, service contracts, software upgrades, troubleshooting, or software support.
- (4) A resident of a school district, including, but not limited to, a school district that is a community district, has standing to bring suit against the school district to enforce the provisions of this section in a court having jurisdiction.

- (5) As used in this section, "technology" means any of the following:
- (a) Hardware and communication devices that transmit, receive, or compute information for pupil instructional purposes.
 - (b) The initial purchase of operating system software or customized application software, or both, accompanying the purchase of hardware and communication devices under subdivision (a).
 - (c) The costs of design and installation of the hardware, communication devices, and initial operating system software or customized application software authorized under this subsection.

History: Add. 1993, Act 312, Eff. Mar. 15, 1994;—Am. 1994, Act 278, Imd. Eff. July 11, 1994;—Am. 1997, Act 152, Imd. Eff. Dec. 22, 1997;—Am. 2002, Act 65, Imd. Eff. Mar. 15, 2002;—Am. 2016, Act 192, Imd. Eff. June 21, 2016.

Popular name: Act 451

BONDING PROPOSAL

Question

Shall Mason Public Schools, Ingham County, Michigan, borrow the sum of not to exceed Seventy-Nine Million Eight Hundred Forty-Five Thousand Dollars (\$79,845,000) and issue its general obligation unlimited tax bonds therefor, in one or more series, for the purpose of:

erecting, furnishing and equipping a new intermediate school building; erecting, furnishing and equipping additions to school buildings, including secure entries; remodeling, equipping and re-equipping and furnishing and refurbishing school buildings; acquiring, installing, equipping or re-equipping school buildings for instructional technology; purchasing and equipping school buses; and acquiring, preparing, developing, improving and equipping playgrounds, play fields and sites?

The following is for informational purposes only:

Property Tax Act

The estimated millage that will be levied for the proposed bonds in 2016, under current law, is 3.61 mills (\$3.61 on each \$1,000 of taxable valuation), for a 3.15 mills net increase from the prior year's levy. The maximum number of years the bonds of any series may be outstanding, exclusive of any refunding, is thirty (30) years. The estimated simple average annual millage anticipated to be required to retire this bond debt is 4.87 mills (\$4.87 on each \$1,000 of taxable valuation).

SBLF Act

The school district does not expect to borrow from the State to pay debt service on the bonds. The total amount of qualified bonds currently outstanding is \$11,580,000. The total amount of qualified loans currently outstanding is \$-0-. The estimated computed millage rate may change based on changes in certain circumstances.

(Pursuant to State law, expenditure of bond proceeds must be audited, and the proceeds cannot be used for repair or maintenance costs, teacher, administrator or employee salaries, or other operating expenses.)