

MASON PUBLIC SCHOOLS BOND COMMITTEE MEETING

“INTRODUCTION TO VOTER APPROVED BOND ISSUES”

August 17, 2016

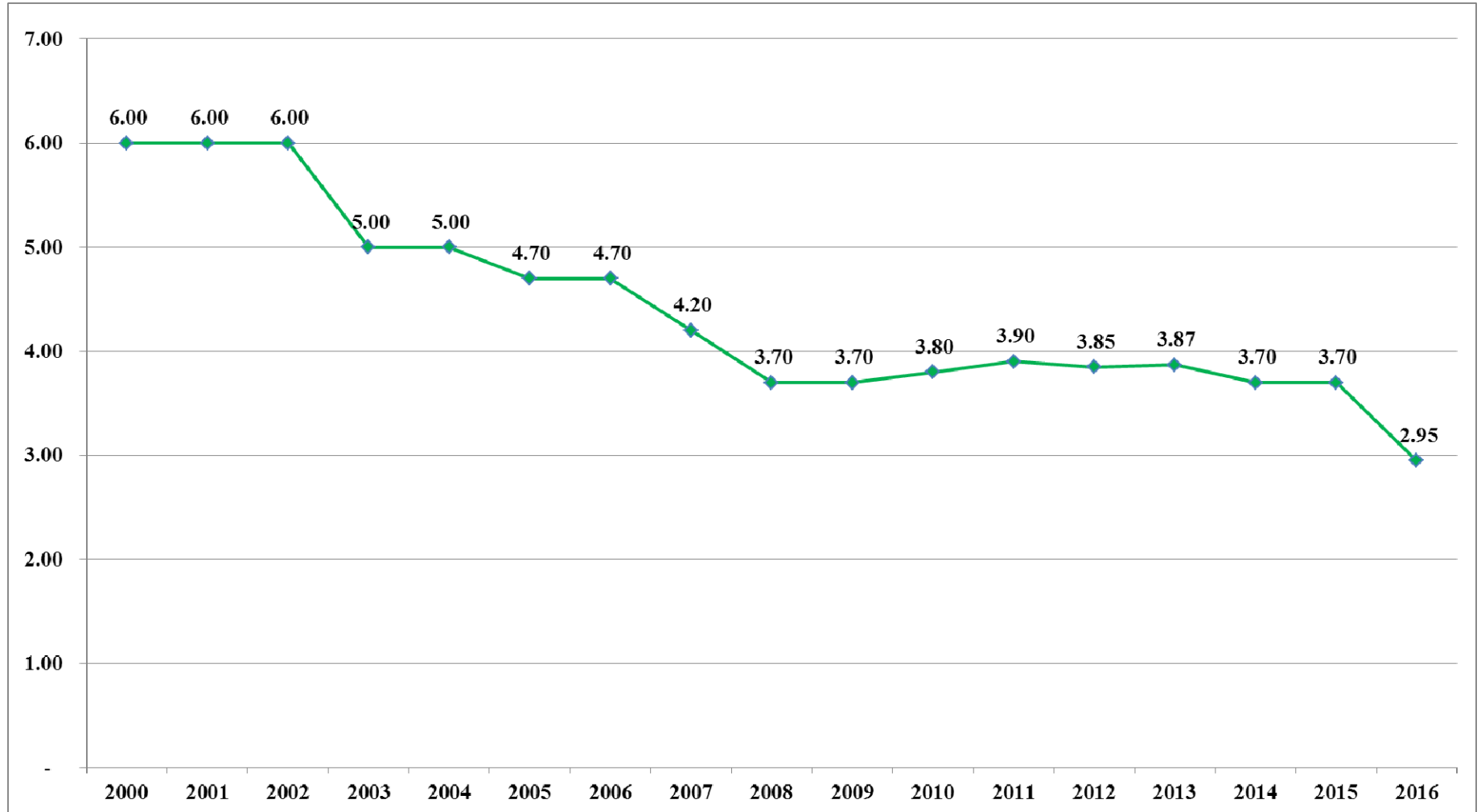
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MASON PUBLIC SCHOOLS

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MASON PUBLIC SCHOOLS

2015 COMPARISON OF SCHOOL DISTRICT CAPITAL IMPROVEMENT MILLAGE RATES

School District	Sinking Fund	Debt	Total
Haslett Public Schools	2.0283	8.3300	10.3583
Dewitt Public Schools		10.0000	10.0000
Holt Public Schools		10.0000	10.0000
Bath Community Schools	1.0000	8.0000	9.0000
Williamston Community Schools	1.0000	7.8400	8.8400
Okemos Public Schools	0.9919	7.0000	7.9919
Waverly Community Schools		7.4000	7.4000
Leslie Public Schools		7.3900	7.3900
Eaton Rapids Public Schools		7.0000	7.0000
Pewamo-Westphalia Community Schools		7.0000	7.0000
St. Johns Public Schools		7.0000	7.0000
School District of the City of East Lansing	1.2860	5.4560	6.7420
Grand Ledge Public Schools	0.8000	4.6800	5.4800
Mason Public Schools [1]	1.0000	3.7000	4.7000
Lansing School District [2]	1.5000	2.4000	3.9000
Dansville Schools [2]	1.0000	1.6000	2.6000

[1] Mason Public Schools - 2016

1.0000

2.9500

3.9500

[2] Passed bond issues in 2016.

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MASON PUBLIC SCHOOLS

EXISTING BONDS ANNUAL PAYMENTS

<u>Year</u>	<u>2012 Bonds</u>	<u>2014 Bonds</u>	<u>Total</u>
2016	\$300,250.00	\$1,912,275.00	\$2,212,525.00
2017	472,625.00	1,701,125.00	2,173,750.00
2018	821,975.00	1,292,850.00	2,114,825.00
2019	1,587,250.00	471,975.00	2,059,225.00
2020	2,151,225.00		2,151,225.00
2021	2,116,900.00		2,116,900.00
2022	795,800.00		795,800.00
2023	773,600.00		773,600.00
2024	761,250.00		761,250.00
Totals	<u>\$9,780,875.00</u>	<u>\$5,378,225.00</u>	<u>\$15,159,100.00</u>

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MASON PUBLIC SCHOOLS

ALLOWABLE TAXABLE VALUE GROWTH ASSUMPTIONS

<u>Year</u>	<u>Taxable and Personal Property Value</u>	
2016	691,710,440	4.08%
2015	664,617,863	-0.50%
2014	667,956,899	1.76%
2013	656,394,457	4.35%
2012	629,061,183	-1.77%
2011	640,396,923	1.09%
2010	633,507,563	-5.72%
2009	671,938,702	2.74%
2008	654,048,211	2.93%
2007	635,420,523	7.14%
2006	593,094,889	6.78%
2005	555,429,099	5.88%
2004	524,596,953	6.28%
2003	493,620,428	5.03%
2002	469,976,193	8.60%
2001	432,756,788	6.53%
2000	406,227,883	6.74%
1999	380,559,296	6.33%
1998	357,907,424	5.52%
1997	339,170,118	3.91%
1996	326,403,783	
5 Year Average [1]		<u>1.58%</u>
20 Year Average [2]		<u>3.89%</u>

[1] May assume taxable value growth for years 1 through 5 less than or equal to the present five year average.

[2] May assume taxable value growth for years 6 and beyond equal to the present twenty year average no lower than 0.00% and no greater than 3.00%.

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MASON PUBLIC SCHOOLS

BASIC EXAMPLE - BOND FINANCIAL PLAN

Technology equipment	\$500,000
Buses	500,000
Other improvements	8,868,850
Underwriting	60,000
Bond issuance costs	71,150

Total \$10,000,000

Year	Debt Service Millage Rate				Bond Payments			
	Taxable Value	Growth Percentage	Millage Rate	Collections	Principal	Interest	Total	Interest Rate
1	585,000,000		1.90	\$1,111,500	\$775,000	\$324,612	\$1,099,612	2.50%
2	594,243,000	1.58%	1.90	1,129,062	815,000	305,237	1,120,237	2.65%
3	603,632,039	1.58%	1.90	1,146,901	855,000	283,639	1,138,639	2.80%
4	613,169,425	1.58%	1.90	1,165,022	895,000	259,699	1,154,699	2.95%
5	622,857,502	1.58%	1.90	1,183,429	950,000	233,296	1,183,296	3.10%
6	632,698,651	1.58%	1.90	1,202,127	995,000	203,846	1,198,846	3.25%
7	651,679,611	3.00%	1.90	1,238,191	1,065,000	171,508	1,236,508	3.40%
8	671,229,999	3.00%	1.90	1,275,337	1,135,000	135,298	1,270,298	3.55%
9	691,366,899	3.00%	1.90	1,313,597	1,215,000	95,005	1,310,005	3.70%
10	712,107,906	3.00%	1.90	1,353,005	1,300,000	50,050	1,350,050	3.85%
Totals				\$12,118,171	\$10,000,000	\$2,062,190	\$12,062,190	

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MASON PUBLIC SCHOOLS BOND

SALEPROCESSOVERVIEW(3-4Months)

- Step 1: Voter approval of bond election.
- Step 2: Board of Education adopts bond authorizing resolution.
- Step 3: Preparation of bond official statement.
- Step 4: Bond sale, fixed interest rates determined.
- Step 5: Bond closing, funds received into construction account.

MASON PUBLIC SCHOOLS

BASIC EXAMPLE – ONE BOND ISSUE FINANCIAL PLAN

Technology equipment	\$500,000
Buses	500,000
Other improvements	8,868,850
Underwriting	60,000
Bond issuance costs	71,150
Total	<u><u>\$10,000,000</u></u>

Year	Debt Service Millage Rate				Bond Payments			
	Taxable Value	Growth Percentage	Millage Rate	Collections	Principal	Interest	Total	Interest Rate
1	585,000,000		1.90	\$1,111,500	\$775,000 [B]	\$324,612 [A]	\$1,099,612	2.50% [B]
2	594,243,000	1.58%	1.90	1,129,062	815,000	305,237	1,120,237	2.65%
3	603,632,039	1.58%	1.90	1,146,901	855,000	283,639	1,138,639	2.80%
4	613,169,425	1.58%	1.90	1,165,022	895,000	259,699	1,154,699	2.95%
5	622,857,502	1.58%	1.90	1,183,429	950,000	233,296	1,183,296	3.10%
6	632,698,651	1.58%	1.90	1,202,127	995,000	203,846	1,198,846	3.25%
7	651,679,611	3.00%	1.90	1,238,191	1,065,000	171,508	1,236,508	3.40%
8	671,229,999	3.00%	1.90	1,275,337	1,135,000	135,298	1,270,298	3.55%
9	691,366,899	3.00%	1.90	1,313,597	1,215,000	95,005	1,310,005	3.70%
10	712,107,906	3.00%	1.90	1,353,005	1,300,000	50,050	1,350,050	3.85%
Totals				\$12,118,171	\$10,000,000	\$2,062,190 [B]	\$12,062,190	

[A] Interest expense on \$10 million bond issue restricts amount of principal that can be repaid immediately.

[B] Smallest principal payment at lowest interest rate year. This increases total bond issue interest expense.

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BASIC EXAMPLE – MULTIPLE BOND SERIES FINANCIAL PLAN

Year	Debt Service Millage Rate [A]		Bond Payments									
	Millage Rate	Collections	Year 1 - Bond Series I			Year 3 - Bond Series II			Totals			
			Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Total	
1	1.90	\$1,111,500	\$960,000 [C]	\$147,620 [B]	2.50% [B]				\$960,000	\$147,620	\$1,107,620	
2	1.90	1,129,062	1,000,000	123,620	2.65%			1,000,000	123,620		1,123,620	
3	1.90	1,146,901	500,000	97,120	2.80%	\$375,000	\$173,167	2.50%	875,000	270,287	1,145,287	
4	1.90	1,165,022	500,000	83,120	2.95%	415,000	163,792	2.65%	915,000	246,912	1,161,912	
5	1.90	1,183,429	500,000	68,370	3.10%	460,000	152,794	2.80%	960,000	221,164	1,181,164	
6	1.90	1,202,127	500,000	52,870	3.25%	505,000	139,914	2.95%	1,005,000	192,784	1,197,784	
7	1.90	1,238,191	500,000	36,620	3.40%	575,000	125,016	3.10%	1,075,000	161,636	1,236,636	
8	1.90	1,275,337	340,000	19,620	3.55%	805,000	107,191	3.25%	1,145,000	126,811	1,271,811	
9	1.90	1,313,597	100,000	7,550	3.70%	1,125,000	81,028	3.40%	1,225,000	88,578	1,313,578	
10	1.90	1,353,005	100,000	3,850	3.85%	1,205,000	42,778	3.55%	1,305,000	46,628	1,351,628	
Totals		\$12,118,171	\$5,000,000 [B]	\$640,360		\$5,465,000	\$985,680		\$10,465,000	\$1,626,040	\$12,091,040	
									One Bond Issue Prior Totals	\$10,000,000	\$2,062,190	\$12,062,190
									Difference	\$465,000	(\$436,150)	\$28,850

[A] Uses the same taxable value, millage rate, and growth assumptions of previous page.

[B] Smaller first series bond issue reduces first year interest expense.

[C] The reduced interest expense allows larger principal payments to made immediately.

	Year 1 Bond Series I	Year 3 Bond Series II	Total Bond Proposal	One Bond Issue Proposal	Difference
Technology equipment	\$500,000	\$150,000	\$650,000	\$500,000	\$150,000
Buses	500,000	150,000	650,000	500,000	150,000
Other improvements	3,915,600	5,075,227	8,990,827	8,868,850	121,977
Underwriting	32,500	35,523	68,023	60,000	8,023
Bond issuance costs	51,900	54,250	106,150	71,150	35,000
Total	\$5,000,000	\$5,465,000	\$10,465,000	\$10,000,000	\$465,000

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MULTIPLE BOND ISSUE FINANCIAL PLANS ADVANTAGES AND DISADVANTAGES

Advantages:

- Provides additional time for existing bonds to be repaid before issuing additional bonds.
- Additional capital improvement funding or reduced required debt service millage rate needed for the project.
- Flexibility to adjust second bond series size, timing, and improvement priorities as project progresses.

Disadvantages:

- Delay in completion of improvements.
- Potential increase in construction prices between first and subsequent bond issues.
- Increased bond issuance costs due to completing more than one bond issue.