



Whiteford Agricultural School District

*August 2024 Bond Proposal Summary &
Financial Frequently Asked Questions “FAQs”*

07/09/2024

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Summary Of Capital Improvement Plan – Proposal 1

<u>Bonds issue year</u>	<u>2025 Bonds</u>	<u>2027 Bonds</u>	<u>Total Proposal</u>
<u>Estimated uses of funds</u>			
Construction deposit	\$6,547,241	\$2,945,890	\$9,493,131
Underwriter's discount allowance	66,000	30,000	96,000
Bond issuance/election costs	94,750	72,700	167,450
Less estimated interest income	<u>(107,991)</u>	<u>(48,590)</u>	<u>(156,581)</u>
Totals	<u><u>\$6,600,000</u></u>	<u><u>\$3,000,000</u></u>	<u><u>\$9,600,000</u></u>

Summary Of Capital Improvement Plan – Proposal 2

<u>Bonds issue year</u>	<u>2025 Bonds</u>	<u>Total Proposal</u>
<u>Estimated uses of funds</u>		
Construction deposit	\$365,783	\$365,783
Underwriter's discount allowance	4,000	4,000
Bond issuance/election costs	36,250	36,250
Less estimated interest income	(6,033)	(6,033)
Totals	<u>\$400,000</u>	<u>\$400,000</u>

Summary Of Capital Improvement Plan – Proposal 1&2

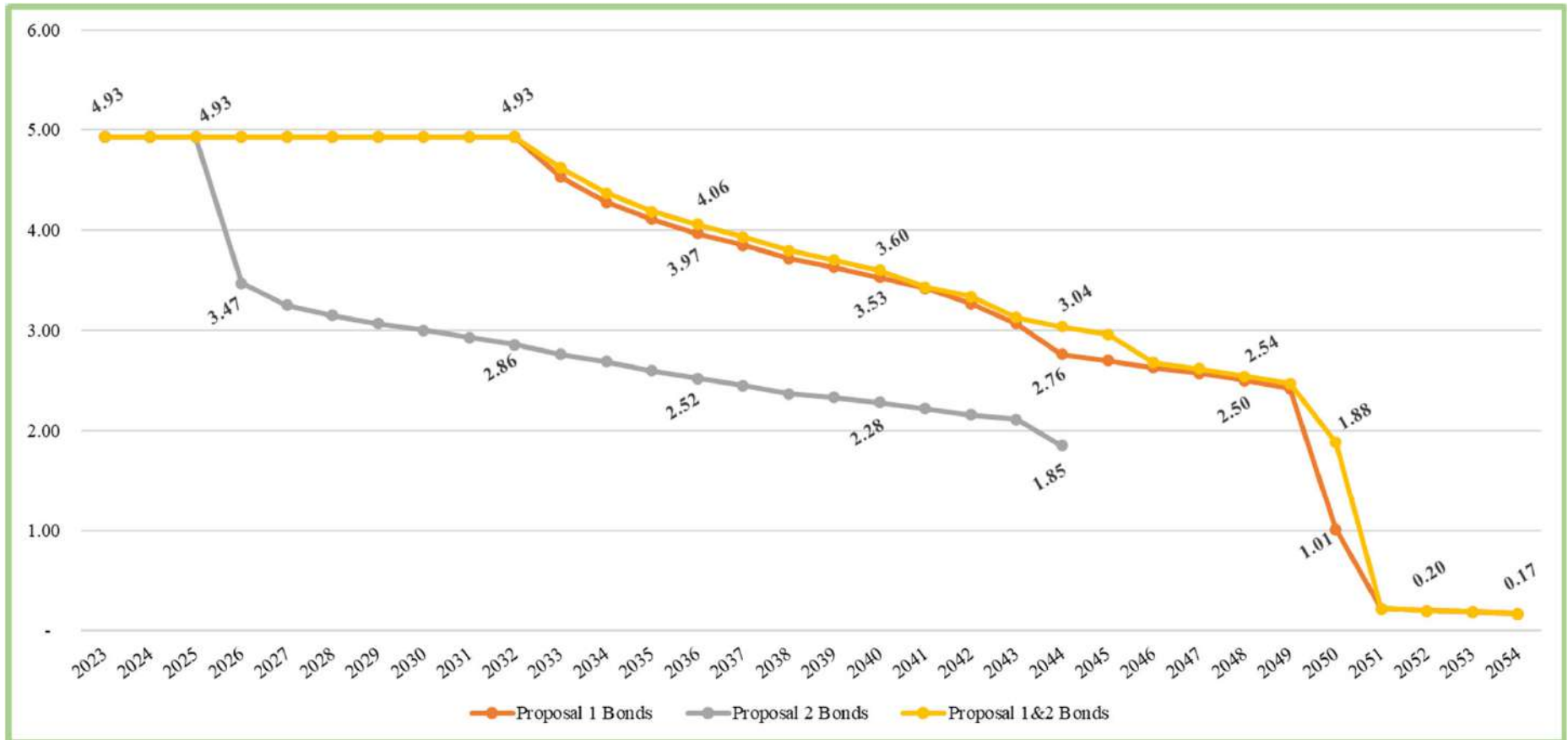
<u>Bonds issue year</u>	<u>2025 Bonds</u>	<u>2027 Bonds</u>	<u>Total Proposal</u>
<u>Estimated uses of funds</u>			
Construction deposit	\$6,948,815	\$2,945,890	\$9,894,705
Underwriter's discount allowance	70,000	30,000	100,000
Bond issuance/election costs	95,800	72,700	168,500
Less estimated interest income	<u>(114,615)</u>	<u>(48,590)</u>	<u>(163,205)</u>
Totals	<u><u>\$7,000,000</u></u>	<u><u>\$3,000,000</u></u>	<u><u>\$10,000,000</u></u>

Summary Of Bond Proposal Estimated First Year Millage Rates

<u>Bond millage rate difference</u>	2025	2024	Difference
<u>Proposal 1&2</u>			
Proposed bonds	1.47		1.47
Existing bonds	3.46	4.93	(1.47)
Total	4.93	4.93	-
<u>Proposal 1 Only</u>			
Proposed bonds	1.47		1.47
Existing bonds	3.46	4.93	(1.47)
Total	4.93	4.93	-
<u>Proposal 2 Only</u>			
Proposed bonds	1.47		1.47
Existing bonds	3.46	4.93	(1.47)
Total	4.93	4.93	-

Estimated Proposed Bond Millage Rates

(Assumes Taxable Value Growth of 2.50%-3.00%)



Other Financial FAQs

Question: 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?

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

Question: In the ballot language it states that the amount of qualified bonds currently outstanding is \$14,775,000 and that the total amount of qualified loans currently outstanding is \$0. What does this mean?

Answer: 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 \$14,775,000.

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 FAQs

Question: When would the millage for this proposal first be levied?

Answer: If both Proposal 1 & 2 pass, December 1, 2025 tax bill.
If Proposal 1 only passes, December 1, 2025 tax bill.
If Proposal 2 only passes, December 1, 2025 tax bill.

Question: Are technology purchases going to be amortized over a 30-year period? Is there a technology replacement plan?

Answer: No, technology purchases are required to be amortized over a 5-year period beginning at the time of installation. Yes, each bond series has an allowance for future technology purchases and updates.

Question: 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?

Answer: The present 5-year historical taxable value growth rate for the school district is 4.56%. The present 20-year average taxable value growth rate is 2.92%. For years 2024 through 2028, a 3.00% taxable value growth assumption has been used. For years 2029 and beyond, a 2.50% taxable value growth assumption has been used.

Other Financial FAQs

Question: Are businesses and second homes (non-homestead) and primary homes (homestead) treated the same regarding bond millage?

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