

FAQ

Proposition K Bond Issue

April 4, 2017

1. What is a bond issue?

A bond issue is a traditional way for schools to borrow money to pay for capital projects such as updating and/or constructing school sites, major technology infrastructure, replacing old roofs, repairing mechanical systems, etc. In Missouri this requires voter approval even if the bond issue will not increase the tax rate.

2. How does a bond issue work?

When voters approve/pass a bond issue, the School District obtains bids and sells bonds to multiple investors who will be repaid over 5-10 years. The bonds are sold in \$5,000 increments to individual investors and banks interested in purchasing the bonds.

The bond proceeds will be invested while the monies are spent on proposed project. The District will use the bond funds to complete the projects. The debt service levy makes the principal and interest payments.

3. What is the debt service levy?

The debt service levy makes the principal and interest payments.

School expenses are paid for using two separate sources of district funding – the operating levy and the debt service levy. Missouri law and federal tax regulations make it illegal for school districts to use debt service funds to pay for things in the operating budget. Debt service funds are locked and restricted for the sole purpose of paying for debt incurred for large capital projects that voters approve.

4. How can we do this without a tax increase?

The Proposition K bond issue will not cause any increase in the current 88¢ per \$100 of assessed valuation. The District's remaining payments on the existing debt end in 2027. The levy will be extended but is not expected to be increased based upon reasonably conservative projections for future growth in assessed valuation. The \$11,750,000 million dollar Proposition K bond issue will only extend the district debt payments an additional five years.

5. Will a “NO” vote on the bond issue lower my taxes?

Voting “No” would not immediately lower taxes. The bonds currently outstanding mature in 2027 and the current debt service rate of 88¢ is estimated to be in effect for at least two more years. The \$11,750,000 million dollar Proposition K bond issue will only extend the district debt payments an additional five years but the difference the proceeds will make toward facility improvements and technology district wide will benefit students for many more years to come.

Voting “NO” will require school district operating funds to be taken away from current programs in the very near future to repair and update facilities and technology.

6. What is the Debt Repayment Plan?

The District has maintained a very rapid repayment of its outstanding debt. The District's underlying rating of AA- was confirmed by S&P in January, 2017. The rating reflects, in part, the District's "low overall debt burden, strong reserves and good financial management practices." The \$11,750,000 will be run with a 15- year maturity.

In addition, the District will have the ability to refund the balance of several current outstanding bond issues. Coupling the refinancing of the old bonds with the issue of new bonds, the District will save the issuance costs. The projected present value of benefit of the refinancing is approximately \$125,000, or 2.2%. *Note, the projected savings will continue to fluctuate based on changing market conditions up and until the closing date.*

7. Can the bond issue funds be used in any other way?

No. The money from the Proposition K bond issue CAN ONLY BE USED for capital expenditures such as major maintenance, repair, renovation, large equipment purchases, and technology. Bond funds may not be used for operating expenses such as salaries and benefits, transportation costs, utilities, textbooks, or other supplies.

8. If the Proposition K bond issue passes, when would the work be done?

The work would begin the summer of 2017 and continue until proposed projects are completed and funds exhausted.

9. When is the election?

Tuesday, April 4, 2017

The advantage of the District voting a bond issue in April 2017 is that the District has the ability to immediately balance the budget, eliminate the deficit spending, and make needed improvements.

10. What are the Proposition K proposed improvements?

Proposition K

New Early Childhood Center Building	\$ 4,500,000
Security Cameras Elementary Sites	\$ 250,000
Technology Infrastructure	\$ 1,000,000
Roofing Projects	\$ 1,500,000
HVAC Improvements Coleman/Middle School/ PHS	\$ 2,500,000
Windows Coleman	\$ 250,000
Move Reoccurring Capital Expenditures ie;	
Technology/School Plant/Buses/Equipment	\$ 1,500,000
Other Bond Issue Costs	\$ 250,000
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	\$ 11,750,000

11. Where will the new early childhood center be built?

Approximately 7 acres across from Zitzman Elementary were donated to the District in 2001 by the Hoffman family. The successful passage of Proposition K would provide a 21st century Early Childhood learning space that will help better prepare our students. Preschool creates a solid basis for K-12 success, college and jobs.

12. What will happen to the buildings currently serving the early childhood students?

Under the current plan, the existing preschool building would be sold and the community school will be repurposed for non-instructional use.