

Bonds 101: Presentation to Sheridan School District

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What is a General Obligation Bond?

- **“Bonds” are loans that are broken into pieces and sold to investors.**
- **“General Obligation Bonds” are secured by property taxes and District’s “full faith and credit”.**
- **Debt service is repaid by property tax levy on all properties within District.**
- **GO Bonds are considered to be the highest quality credit a school district can offer to market.**
- **Interest on GO bonds is generally exempt from both federal and state income taxes, so rate is lower.**

GO Bonds in Oregon

- Tax levy is not limited by Measure 5 or Measure 50.
- 4 election dates: March, May, September, November. November and May are not subject to double majority.
- Districts may have no more than 7.95% of RMV outstanding.
For Sheridan SD, that's \$41.5 million!
- Ballot title needs “not-to-exceed” amount, permitted use of proceeds and maximum years to maturity.

Use of Proceeds

Proceeds may be used for “capital construction and improvements” with a useful life of 1 year or more.

Land and other assets	Acquisition	Construction	Improvements
Remodeling	Furnishing & Equipping	Maintenance or Repair	

- “Weighted average life” of bonds may not exceed “weighted average life” of projects.
- “Routine” maintenance and supplies are not eligible.
- Any interest earnings on proceeds must be used in accordance with ballot title.

Calculating the Bond Levy Rate

- Debt service is payable from a dedicated property tax levy in addition to operating levy.
- Levy rate is calculated annually by the County Assessor:

$$\frac{\$950,000 + 50,000}{(\$500 \text{ million}/1,000)} = \$0.50$$

- Districts CANNOT guarantee a rate; actual rate paid will depend on AV in future.

Election Schedule

Election Date	County Filing Date (SEL Form 805)⁽¹⁾	County Filing/ Voters' Pamphlet Deadline (SEL Form 803)⁽¹⁾	Ballots Mailed	First FY Taxes Levied
May 21, 2019	March 2	March 21	May 3-7	FY 2019-20
September 17, 2019 ⁽²⁾	June 28	July 18	Aug. 30 - Sept. 3	FY 2020-21
November 5, 2019	August 16	September 5	Oct. 18-22	
March 10, 2020 ⁽²⁾	December 20	January 9	Feb. 21-25	
May 19, 2020	February 28	March 19	May 1-5	FY 2021-22
September 15, 2020 ⁽²⁾	June 26	July 16	Aug. 28 - Sept.1	
November 3, 2020	August 14	September 3	Oct. 16-20	
March 9, 2021 ⁽²⁾	December 18	January 7	Feb. 19-23	
May 18, 2021	February 26	March 18	April 30-May 4	FY 2022-23
September 21, 2021 ⁽²⁾	July 2	July 22	Sept.3-7	
November 2, 2021	August 13	September 2	Oct. 15-19	
March 8, 2022 ⁽²⁾	December 17	January 6	Feb. 18-22	
May 17, 2022	February 25	March 17	April 29-May 3	

Note: Dates associated with future elections are preliminary, subject to change.

- ✓ **Check with your County elections office to verify filing deadlines.**
- ✓ **All elections are by mail.**

- 1) SEL Form 805 includes ballot title, and may include explanatory statement. Must be filed 81 days prior to election to allow for challenge process. Final filing is 61 days prior to election (SEL Form 803).**
- 2) Subject to double majority provisions.**

OSCIM Program

- Program provides State matching funds for SD GO Bonds.
- Authorized in 2017-19 biennium at \$100m, or \$25m per election. Governor's budget has same level for 2019-21, but needs legislative approval.
- ODE requires facility assessment and plan to be submitted 2 weeks prior to application due date.
- Min = lesser of \$4m or SD bond amount. Max = \$8m.
- Formula sets exact amount. Based on property value/ADMw and poverty statistics.
- 60% allocated in rank order based on property value and poverty. 40% allocated 'First in Time'.
- For 2017-19 biennium, Sheridan SD is ranked 24th; max amount is \$4m.

OSCIM/Facility Plan Schedule

Anticipated Facility Plan/OSCIM Application timelines are as follows:

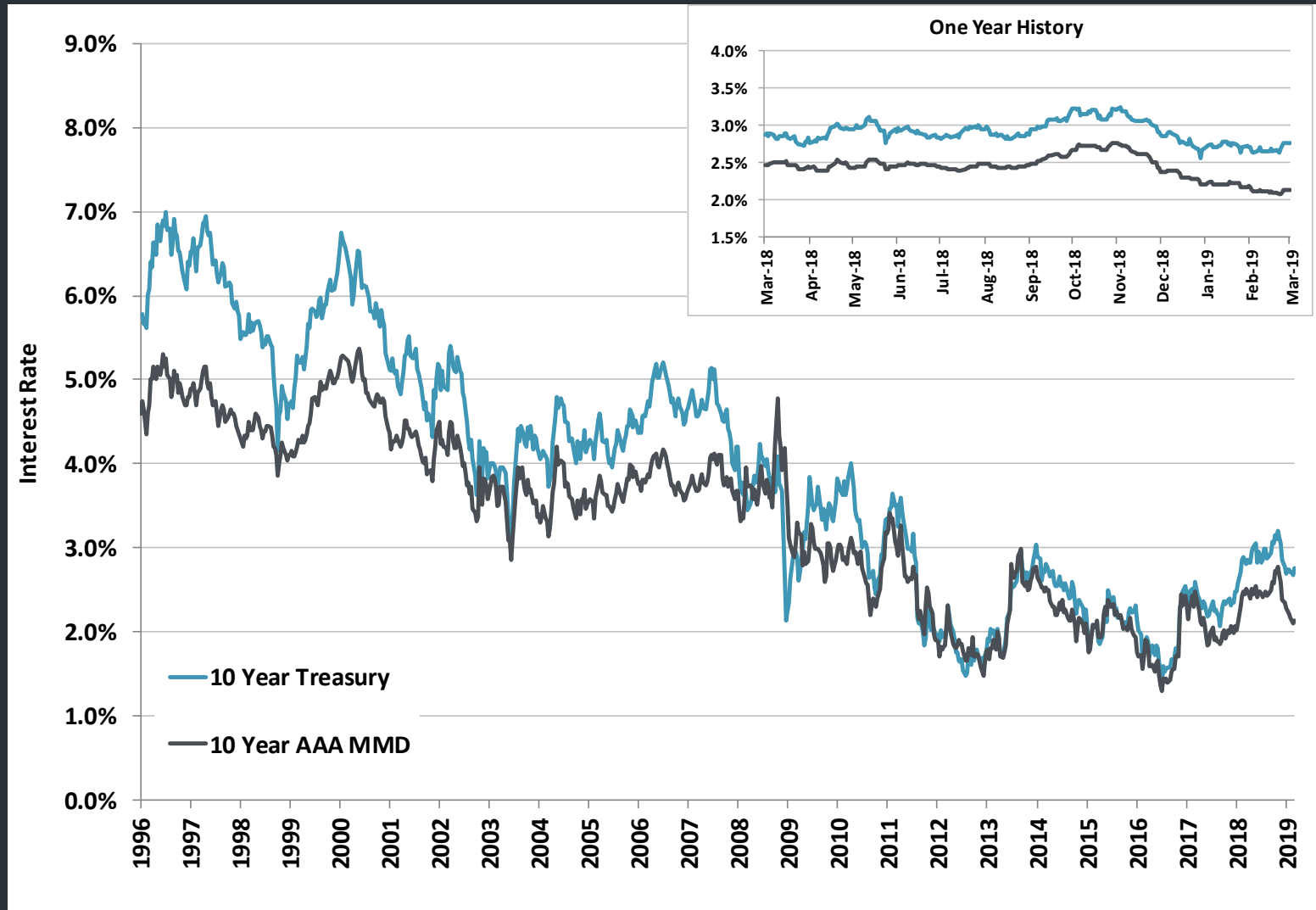
- Nov. 2019 election: **July 1/July 15**
- May 2020 election: Sept. 1/Sept. 15
- Nov. 2020 election: March 1/March 15
- May 2021 election: Sept. 1/Sept. 15

Program availability for 2019-21 biennium and thereafter depends on reauthorization by Legislature.

Numerical Analysis

Historical Interest Rates

10 Year Tax-Exempt (AAA MMD) vs. 10 Year Treasury Rates



Historical Valuation Trends

Sheridan School District No. 48J

Fiscal Year	M5 Real Market Value	Total Assessed Value	% Total AV Growth
2019	\$ 522,141,154	\$ 340,410,477	6.18%
2018	455,051,132	320,596,401	3.40%
2017	407,925,390	310,045,100	3.70%
2016	382,654,902	298,993,826	4.39%
2015	361,311,734	286,432,393	2.91%
2014	354,233,420	278,327,401	2.64%
2013	347,080,315	271,155,845	1.58%
2012	355,121,183	266,944,463	0.99%
2011	387,992,437	264,329,307	3.69%
2010	388,004,368	254,918,853	3.70%
2009	411,228,601	245,828,960	6.21%
2008	380,086,478	231,458,689	5.08%
2007	348,502,849	220,278,973	4.13%
2006	310,463,951	211,534,296	4.61%
2005	281,725,327	202,212,852	4.00%
2004	260,132,596	194,430,399	3.57%
2003	241,699,044	187,726,035	3.43%
2002	232,970,494	181,499,451	8.37%
2001	223,117,532	167,484,794	---

Source: Yamhill and Polk Counties Departments of Assessment and Taxation.

Outstanding Bond Issues

Purpose		Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding
General Obligation Bonds:					
Series 1996	Repair, replacement and additions to District facilities	02/01/96	12/01/11	\$ 1,900,000	\$ -
Series 2003*	Construct/equip new K-8 school & other capital improvements	05/15/03	06/15/13	8,500,000	-
Series 2012	Advance refunding of Series 2003 GO Bonds	03/27/12	06/15/22	5,570,000	2,490,000
Series 2014	Facility upgrades and improvements	08/26/14	06/15/22	2,105,000	1,200,000
Total General Obligation Bonds					<u>\$ 3,690,000</u>

*Refunded.

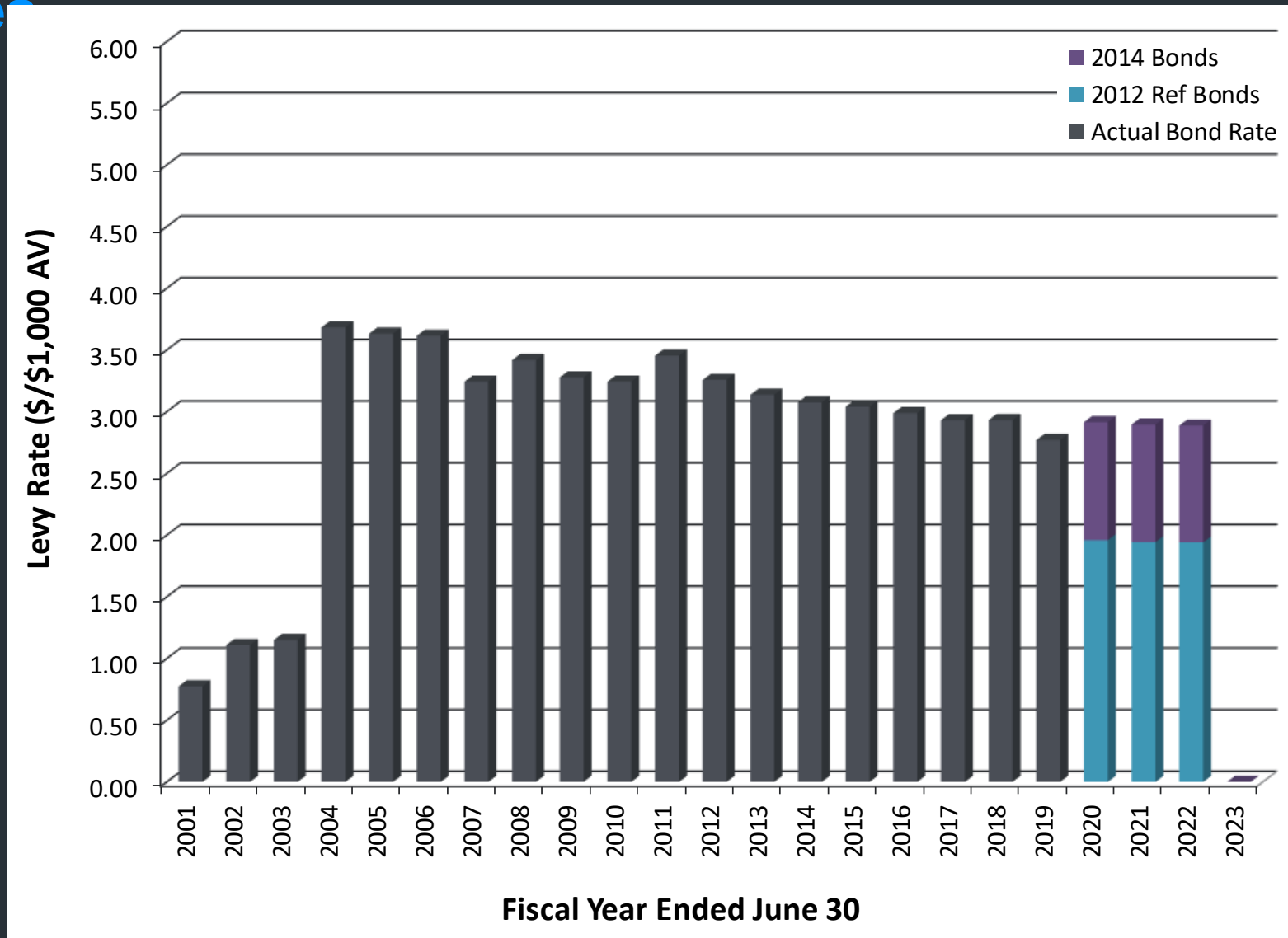
Detailed Levy Rate History

Fiscal Year ⁽¹⁾	Outstanding General Obligation Bonds					Total Assessed Value	% AV Growth	Actual Bond Rate	Taxes Collected ⁽²⁾	Projected Bond Rate
	1996 Bonds	2003 Bonds	Debt Service 2012 Ref Bonds	2014 Bonds	Total					
Actual	2001	\$ 164,820	\$ -	\$ -	\$ 164,820	\$ 167,484,794	--	\$ 0.7749		
	2002	166,123	-	-	166,123	181,499,451	8.37%	1.1098		
	2003	172,035	-	-	172,035	187,726,035	3.43%	1.1507		
	2004	177,413	497,974	-	675,386	194,430,399	3.57%	3.6842		
	2005	182,265	523,491	-	705,756	202,212,852	4.00%	3.6347		
	2006	186,575	544,291	-	730,866	211,534,296	4.61%	3.6174		
	2007	195,178	569,591	-	764,769	220,278,973	4.13%	3.2440		
	2008	202,850	588,629	-	791,479	231,458,689	5.08%	3.4195		
	2009	204,765	601,379	-	806,144	245,828,960	6.21%	3.2792		
	2010	210,883	616,304	-	827,186	254,918,853	3.70%	3.2449		
	2011	216,065	630,835	-	846,900	264,329,307	3.69%	3.4555		
	2012	220,483	534,208	112,151	866,841	266,944,463	0.99%	3.2593		
	2013	-	434,280	416,788	851,068	271,155,845	1.58%	3.1386		
	2014	-	-	856,388	856,388	278,327,401	2.64%	3.0769		
	2015	-	-	592,088	275,570	867,657	2.91%	3.0420		
	2016	-	-	607,788	286,150	893,938	4.39%	2.9898		
	2017	-	-	618,088	294,700	912,788	3.70%	2.9329		
	2018	-	-	637,788	302,800	940,588	3.40%	2.9338		
Current	2019	-	-	651,888	318,000	969,888	340,410,477	6.18%	2.7716	
Projected	2020	-	-	669,788	327,200	996,988	350,622,791	3.00%	97.5%	2.92
	2021	-	-	684,663	335,600	1,020,263	361,141,475	3.00%	97.5%	2.90
	2022	-	-	704,263	343,200	1,047,463	371,975,719	3.00%	97.5%	2.89
	2023	-	-	-	-	-	383,134,991	3.00%	97.5%	-

(1) Fiscal years ended June 30.

(2) Assumes collection year delinquencies will be offset by back tax collections.

Outstanding GO Bonds – Actual and Projected Levy Rate

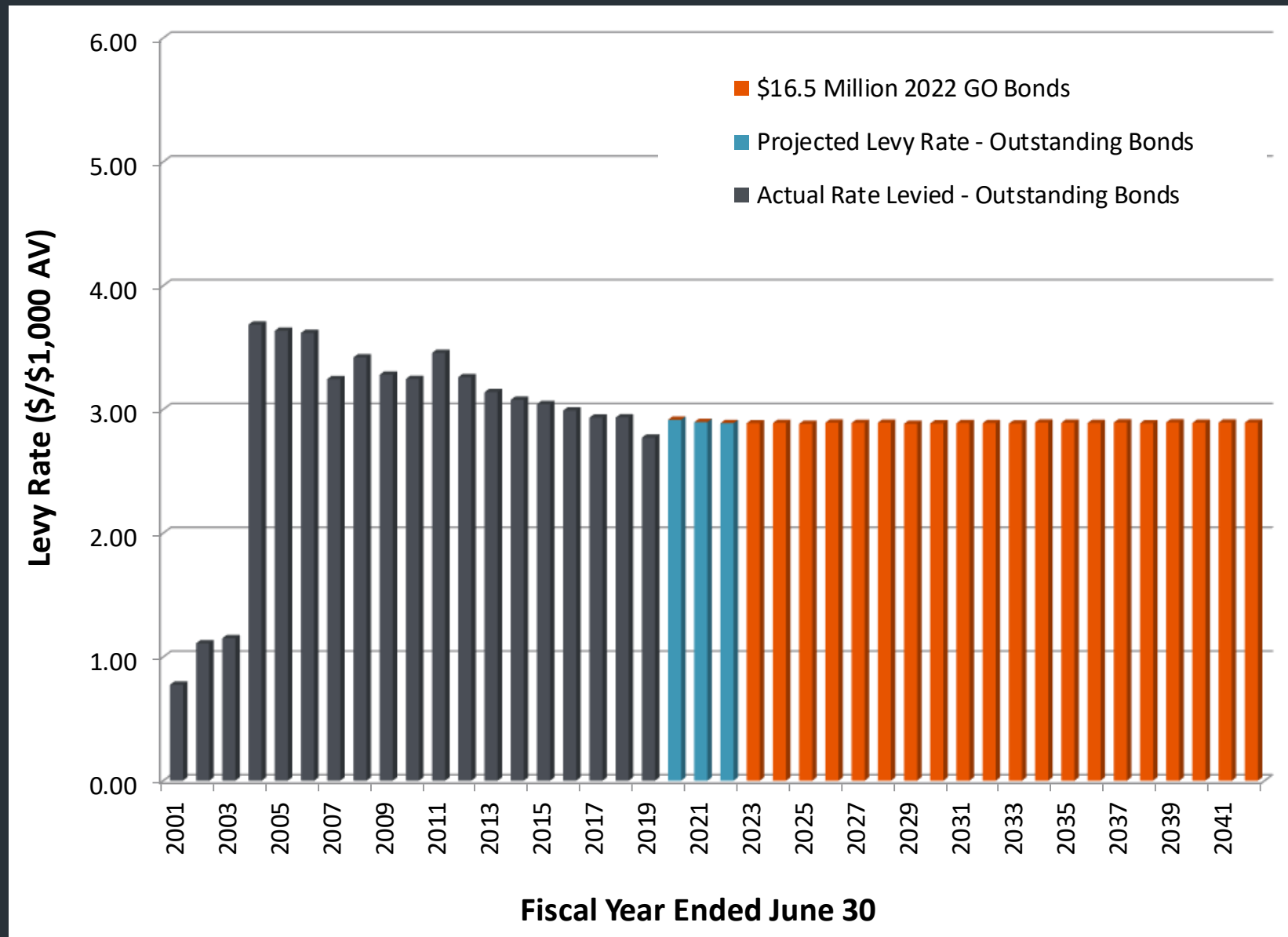


New Bond Option – Continuation Levy

Structure		\$2.89 Continuation Levy	
Par Amount			
Current Interest Bonds		\$	11,315,000
Deferred Interest Bonds			5,147,942
Total Par Amount		\$	16,462,942
% Current Interest Bonds			69%
% Deferred Interest Bonds			31%
Dated Date			3/1/2022
Final Maturity			6/15/2042
Amortization Period			20.29 Years
Projected Average Levy Rates*			
	Prior Debt	New Bonds	Combined
2019.....	\$ 2.77	\$ -	\$ 2.77
2020-21.....	2.91	-	2.91
2022.....	2.89	-	2.89
2023-2042.....	-	2.89	2.89
Interest Estimates			
Cushion over Current Interest Rates			+ 2.00%
True Interest Cost (TIC)**			5.31%
Total Interest			\$12,487,405
Total Interest as % of Par			76%

* Projected levy rates are based on assumptions regarding AV growth, tax collections & interest rates that may prove to be untrue. Deferred interest bonds are a tool used to manage the amount of annual debt service due and resulting levy rate. The bonds typically come at higher interest rates than current interest bonds.

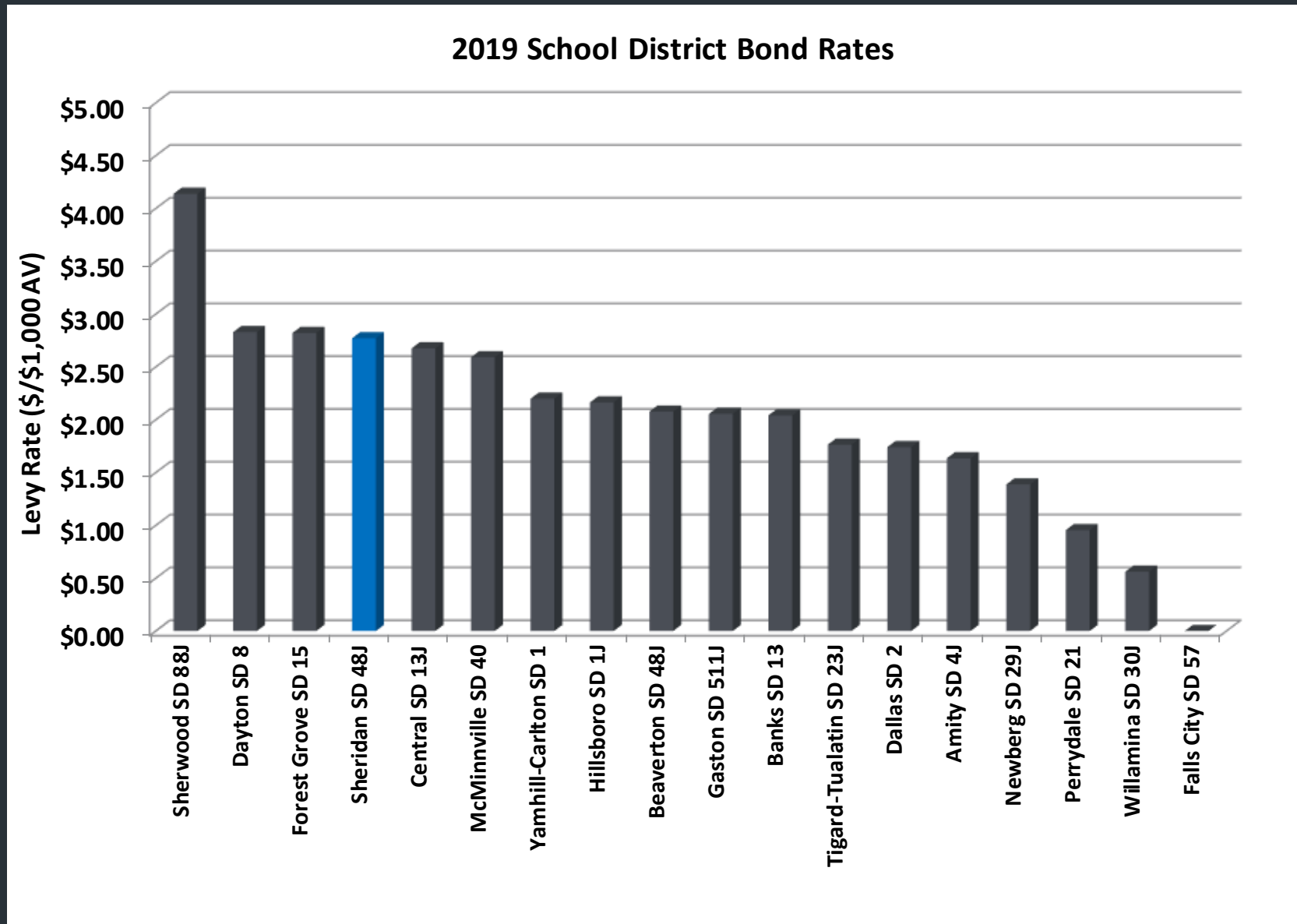
GO Bonds, Series 2022 – \$2.89 Continuation Levy



School District Levy Rates in Neighboring Districts

District	Extended ADMw (6-12-18)	Assessed Value (Net of Urban Renewal)	Permanent Rate	2019 Levy Rates		
				Local Option Rate	Bond Rate	Total District Rate
Sherwood SD 88J	6,031.41	3,369,545,296	4.8123	-	4.1399	8.9522
Beaverton SD 48J	48,920.41	30,135,143,878	4.6930	1.2500	2.0775	8.0205
Dayton SD 8	1,218.21	486,450,728	5.0892	-	2.8298	7.9190
Tigard-Tualatin SD 23J	14,940.84	11,583,923,278	4.9892	1.0000	1.7645	7.7537
Forest Grove SD 15	7,508.16	2,626,725,705	4.9142	-	2.8219	7.7361
Sheridan SD 48J	1,220.30	340,410,477	4.7882	-	2.7716	7.5598
Central SD 13J	5,536.58	1,362,346,258	4.8834	-	2.6762	7.5596
Hillsboro SD 1J	24,807.50	15,613,527,803	4.9749	-	2.1638	7.1387
Gaston SD 511J	732.10	258,200,930	5.0494	-	2.0565	7.1059
Banks SD 13	1,288.18	619,510,547	5.0152	-	2.0412	7.0564
Yamhill-Carlton SD 1	1,086.32	700,499,778	4.7818	-	2.1996	6.9814
McMinnville SD 40	8,137.95	3,490,516,019	4.1494	-	2.5917	6.7411
Amity SD 4J	1,025.98	386,628,163	4.7796	-	1.6347	6.4143
Dallas SD 2	3,764.13	1,643,961,766	4.5527	-	1.7408	6.2935
Newberg SD 29J	5,750.21	3,613,420,242	4.6616	-	1.3880	6.0496
Willamina SD 30J	1,103.15	426,573,698	5.0022	-	0.5614	5.5636
Perrydale SD 21	454.99	111,137,147	4.5657	-	0.9546	5.5203
Falls City SD 57	367.40	91,222,184	4.2052	1.2500	-	5.4552

Comparative School District Bond Rates



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