

## Sedgwick County, Kansas Unified School District No. 263 (Mulvane Schools) 2012 Bond Issue Finance Bullets

- With a capital improvement budget of \$12.75 million, the total bond issue size will be \$13.415 million. The balance of the proceeds would be for required bonding Costs of Issuance and for Capitalized Interest during construction to keep the first budget levy from being higher than the estimated average due to the timing and approximately 18 months of interest in the first levy.
- Today's interest rates, estimated at 3.5% for the 13-year bond, are near their lowest levels of the past 50 years. Low interest rates make the cost of repayment of a bond issue more affordable.
- Current state finance formula allows additional state aid to pay 51% of the project cost and also interest cost on the proposed bonds. The percentage of state aid is based on our District's wealth per pupil. With the anticipated significant increase in our District's assessed valuation due to the Casino development, we are anticipating a drop in our bond & interest state aid to 20% by 2015. The total state aid benefit (both principal and interest) is an estimated \$3,805,000. These are tax monies that can be brought back from Topeka to the benefit of our children and Mulvane community. The Governor has proposed an end to the offer of this state aid for bond issues effective June 30, 2012, so now may be a last chance opportunity to take advantage of this program.
- The Mulvane USD 263 total mill levy this year is at 51.73 mills. Of the 31 school districts in the 4-county area (Butler, Cowley, Sedgwick and Sumner), our total mill levy is one of the lowest.
- The Mulvane USD 263 mill levy for Bond & Interest this year is at 10.081 mills—well below the median bond & interest levy (14.49 mills) of other area school districts.
- The Assessed Valuation of Mulvane USD 263 (not including motor vehicles) has increased from \$42.68 million in 2001 to \$62.25 million in 2011—tax base growth of more than 45% in the last decade for an average of more than 4.5% per year. To be conservative, in our Plan of Finance we have assumed growth of only 1% per year. The Peninsula Gaming Casino Development is a \$314 million project that is anticipated to add \$72 million to the District's tax base by 2015.
- Mulvane USD 263 has previously issued bonds which will be retired in 2018 (6 years). These bonds will require a levy estimated at 10.08 mills in this year's budget.
- The Plan of Finance is to “wrap” the proposed new bonds around our existing debt to create a financing where on consistent mill levy will retire all bonds (both existing and proposed). The USD 263 bond and interest levy has been at 10.08 mills or higher in recent years. With bond approval, the net increase to local taxpayers would be an estimated 1.5 mills for a total of 11.58 mills. With bond issue approval, our total mill levy in USD 263 will still be one of the lowest in our area.
- One mill is \$1 of tax on each \$1,000 of assessed valuation of property in the District. A net increase of 1.5 mills represents added taxes of \$1.44 per month or \$17.25 per year on a \$100,000 home in USD 263.
- Mulvane Schools has facility and educational challenges that will not go away and sooner or later, must be addressed. Without today's low interest rates and the state aid program, a delay in addressing these challenges will result in higher mill rates in the future for needed solutions.

**With today's historically low interest rates,  
a last chance to take advantage of a projected 20% additional state aid  
to help retire the bonds,  
and continuing dramatic growth of our tax base,  
the cost of improving Mulvane Schools will never be more affordable!**