

Lincoln County School District: General Obligation Bond & Levy Rate Analysis



LINCOLN COUNTY
SCHOOL DISTRICT

Lauren MacMillan
MANAGING DIRECTOR
Tel: +1 503-275-8302
Email: lauren.macmillan@psc.com

Joseph Wilson
ASSOCIATE
Tel: +1 503-275-8304
Email: joe.wilson@psc.com

GENERAL OBLIGATION BONDS GENERALLY

- Issued by municipalities
- Debt service (principal and interest) is secured by a property tax levied on all properties within the Issuer's boundaries and the Issuer's full faith and credit
- The property tax levy is unlimited and dedicated to payment of debt service
 - Levy rate can be set as high as necessary to generate enough revenue to pay debt service
 - Tax collections must be used for GO bond debt service
- GO bonds are considered to be the highest quality credit a school district can offer
- Must be approved by voters

ITEMS TO NOTE

- GO bond levy is not limited by Measure 5 or Measure 50 and is in addition to permanent rate
- State law allows school districts to issue up to 7.95% of Real Market Value
 - For Lincoln County SD, that's \$995.2 million!
- 4 elections: March, May, September & November
 - Only November and May not subject to double majority
- Ballot title approves an amount, use of proceeds and maximum years to maturity
 - Estimate of projected levy rate can be included but cannot guarantee rate and voters do not approve the rate

SAMPLE BALLOT TITLE

CAPTION: (10 WORD LIMIT)

SCHOOL BOND FOR REPAIRS, CONSTRUCTION, SECURITY, TECHNOLOGY AND ENERGY EFFICIENCY

QUESTION: (20 WORD LIMIT)

Shall Hood River County Schools improve and construct facilities by issuing \$57,175,000 of bonds, estimated to maintain average tax rate? If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

SUMMARY: (175 WORD LIMIT)

If approved, bonds are expected to finance the following projects:

- Repairs to schools, including addressing failing roofs, heating and ventilation systems, plumbing, mechanical and electrical systems;
- Energy efficiency improvements to decrease energy use;
- Improvements to address deferred maintenance, worn out finishes, and replace old equipment;
- Technology improvements in every school for student learning opportunities;
- Safety and security updates at every school;
- New state-of-the-art science, engineering and math lab learning space at Wy'east Middle School;
- Replace, equip and furnish May Street Elementary School on the same site, providing maintenance and operational savings;
- Upgrade and improve athletic fields and tracks, including those used most by community members;
- Upgrade school playgrounds at Cascade Locks, Parkdale and Mid Valley Elementary Schools;
- Pay associated furnishing, equipping, demolition, site improvement and bond issuance costs.

Bonds would mature in twenty years or less from issuance, may be issued in multiple series, and are estimated to maintain recent average property tax rate of \$1.83 per \$1,000 assessed value, which may vary in actuality based on assessed value growth and other factors.

**Estimate of
levy rate
impact –
NOT a rate
limit or
guarantee**

USE OF PROCEEDS

- Proceeds may be used for “capital costs” with a useful life of 1 year or more

Land and Other Assets	Acquisition	Construction	Deferred Maintenance or Repairs
Furnishing & Equipping	Remodeling	Improvements	

- Weighted average life of bonds may not exceed weighted average life of projects
 - Can't borrow for 30 years and only finance computers
- “Routine” maintenance and supplies are not eligible
- Any interest earnings on proceeds must be used in accordance with ballot title

FEDERAL TAX RULES

Interest on qualifying municipal bonds is exempt from federal taxation, but the issue is subject to federal tax law. Key provisions:

- **Use of Proceeds**
 - Public purpose projects are OK
 - Certain limitations on ‘partnerships,’ with, for example, non-profits
- **Reimbursement of past expenditures during a limited period with approval of a reimbursement resolution**
- **Timing of Spending Proceeds**
 - Issuer must have a reasonable expectation it will spend 85% of the proceeds in 3 years
 - Includes any premium on proceeds

LINCOLN COUNTY SCHOOLS SPECIFICALLY

- Last GO authorization approved at May 2011 election

	Purpose	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding
General Obligation Bonds:					
Series 1995*	Construct 3 new schools, renovate existing schools & new modular classrooms	07/01/95	06/15/09	\$ 38,859,050	\$ -
Series 2008	Advance Refund 1995 GO Bonds	06/19/08	06/15/12	12,700,000	-
Series 2011A	Construct new high school, new classrooms, site improvements & safety upgrades	07/07/11	06/15/24	48,000,000	10,410,000
Series 2011B	Qualified School Construction Bonds	07/07/11	06/15/26	15,000,000	15,000,000
Total General Obligation Bonds					<u>25,410,000</u>
Pension Obligation Bonds:					
Series 2002	OSBA Pension Bond Pool to fund allocated	11/01/02	06/30/28	21,009,781	12,665,000
Series 2003	portion of PERS UAL	04/21/03	06/30/28	26,941,738	14,205,261
Total Pension Obligation Bonds					<u>26,870,261</u>

- Current bond levy \$0.63/\$1,000
- Bonds mature in 2026

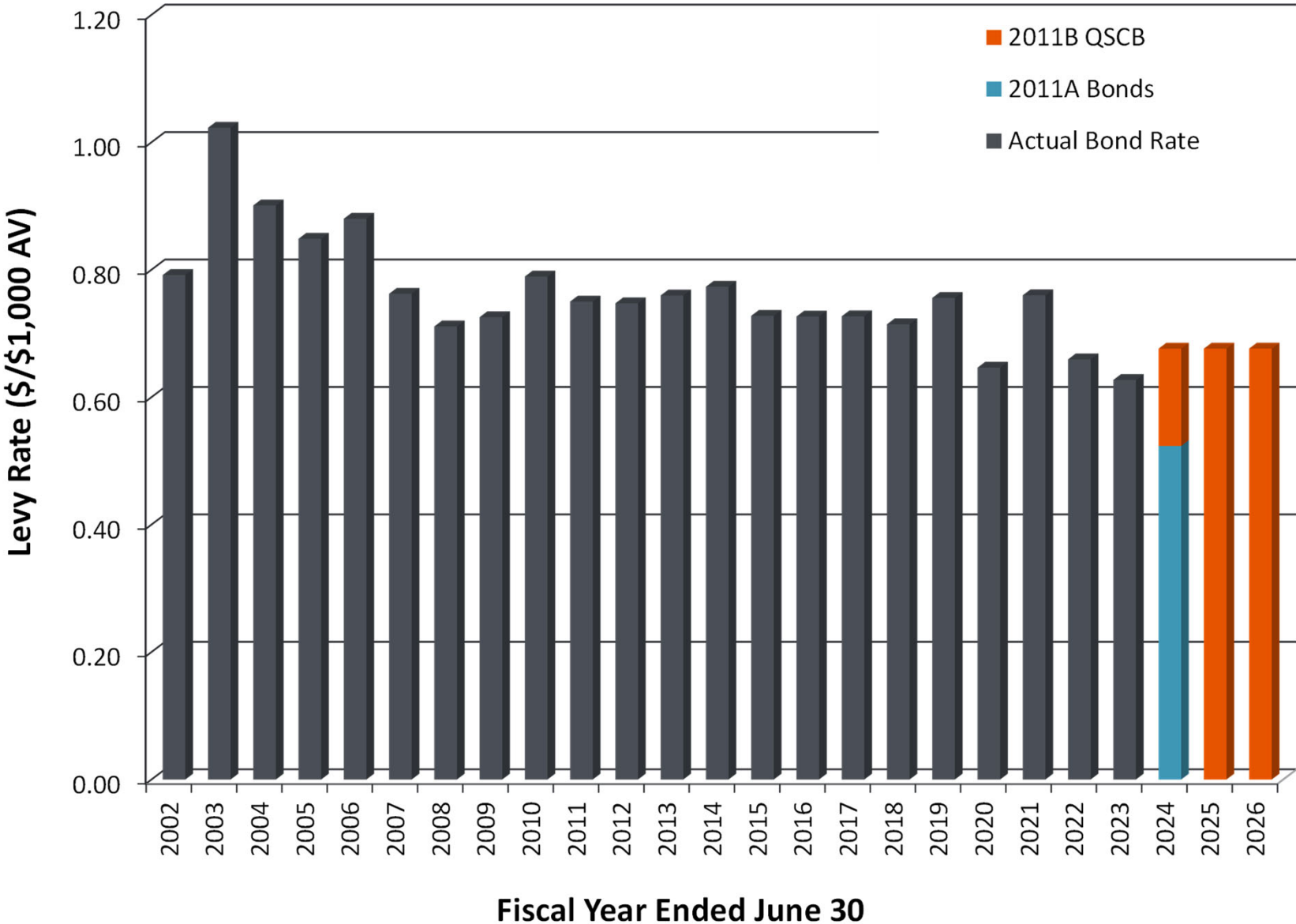
ACTUAL AND PROJECTED LEVY RATES

Fiscal Year ⁽¹⁾	Outstanding General Obligation Bonds					Total Assessed Value	% Total AV Growth	Actual Bond Rate	Taxes Collected ⁽²⁾	Projected Bond Rate
	1995 Bonds	2008 Ref	Debt Service		Total					
			2011A Bonds	2011B QSCB						
2002	\$ 3,524,948	\$ -	\$ -	\$ -	\$ 3,524,948	\$ 4,542,114,146	---	0.79		
2003	3,633,588	-	-	-	3,633,588	4,690,572,626	3.27%	1.02		
2004	3,739,913	-	-	-	3,739,913	4,796,702,054	2.26%	0.90		
2005	3,854,688	-	-	-	3,854,688	4,947,457,724	3.14%	0.85		
2006	3,970,188	-	-	-	3,970,188	5,171,194,917	4.52%	0.88		
2007	4,090,388	-	-	-	4,090,388	5,439,451,179	5.19%	0.76		
2008	4,214,088	-	-	-	4,214,088	5,735,027,984	5.43%	0.71		
2009	3,672,900	557,960	-	-	4,230,860	6,031,173,420	5.16%	0.73		
2010	-	4,358,450	-	-	4,358,450	6,292,977,665	4.34%	0.79		
2011	-	4,498,625	-	-	4,498,625	6,469,563,816	2.81%	0.75		
2012	-	4,631,525	-	-	4,631,525	6,617,331,351	2.28%	0.75		
2013	-	-	4,036,050	358,350	4,394,400	6,726,902,017	1.66%	0.76		
2014	-	-	4,623,350	-	4,623,350	6,818,780,751	1.37%	0.77		
2015	-	-	4,853,150	-	4,853,150	6,966,730,186	2.17%	0.73		
2016	-	-	5,091,775	-	5,091,775	7,152,473,988	2.67%	0.73		
2017	-	-	5,228,225	-	5,228,225	7,361,888,028	2.93%	0.73		
2018	-	-	5,375,925	-	5,375,925	7,670,378,307	4.19%	0.71		
2019	-	-	5,531,525	-	5,531,525	7,976,281,680	3.99%	0.76		
2020	-	-	5,679,625	-	5,679,625	8,295,612,301	4.00%	0.65		
2021	-	-	5,839,325	-	5,839,325	8,612,963,617	3.83%	0.76		
2022	-	-	5,999,600	-	5,999,600	8,942,959,919	3.83%	0.66		
Latest	2023	-	-	6,163,300	-	6,163,300	9,359,732,661	4.66%	0.63	
Projected	2024	-	-	4,908,800	1,431,650	6,340,450	9,617,125,309	2.75%	97.5%	0.68
	2025	-	-	-	6,515,000	6,515,000	9,881,596,255	2.75%	97.5%	0.68
	2026	-	-	-	6,695,000	6,695,000	10,153,340,152	2.75%	97.5%	0.68

(1) Fiscal years ended June 30.

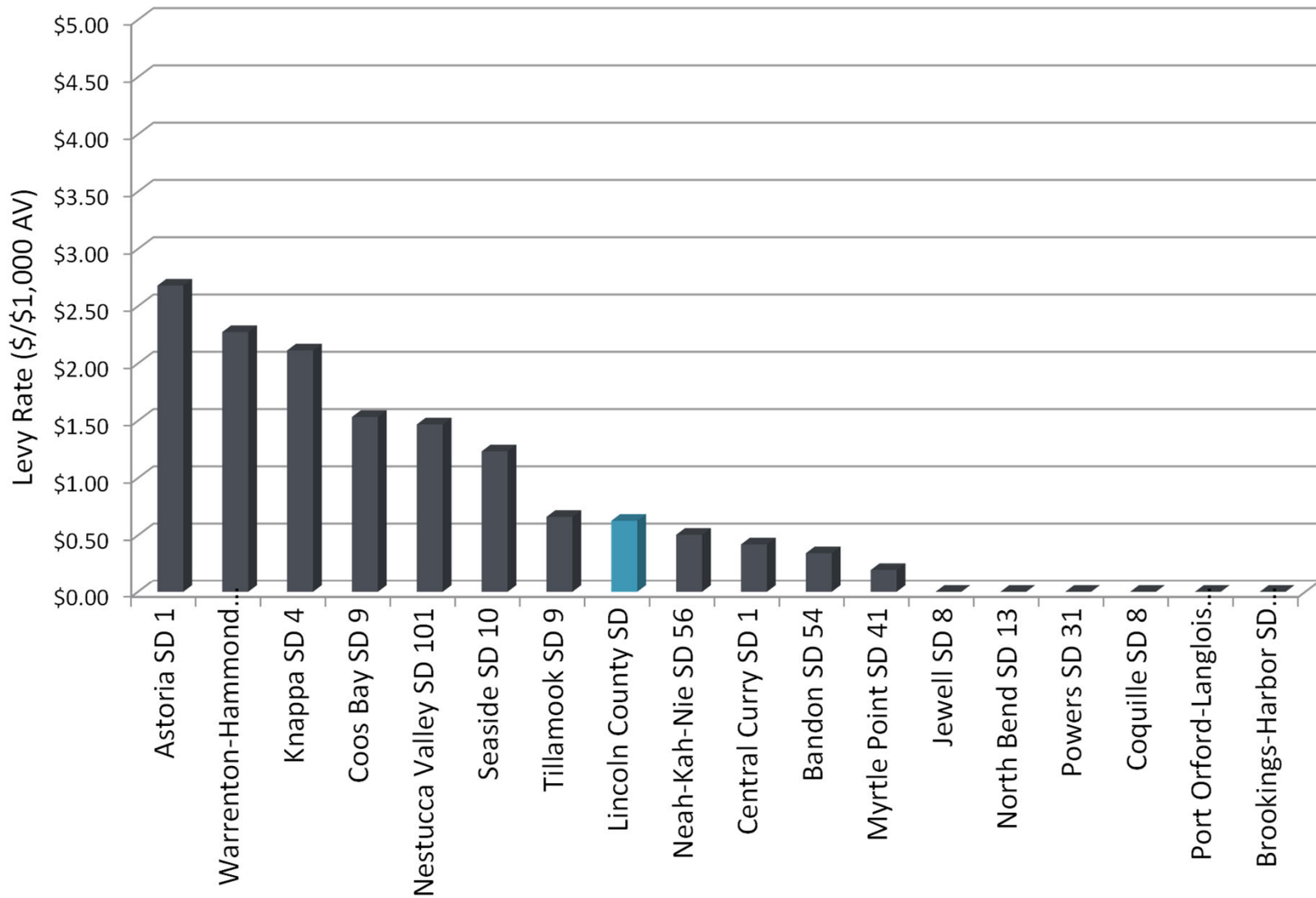
(2) Assumes collection year delinquencies will be offset by back tax collections.

ACTUAL AND PROJECTED LEVY RATES



COMPARABLE LEVY RATES

2023 School District Bond Rates



KEY PROPERTY TAX CONCEPTS

Since GO Bonds are repaid with property taxes, it is important to understand a few key concepts:

- **Real Market Value (RMV)**
 - Amount that a property could reasonably expect to sell for as of January 1
- **Assessed Value (AV)**
 - Value of property subject to taxation
 - Cannot exceed the RMV
- **Bond Levy Rate**
 - Tax rate expressed in dollars per \$1,000 of AV
 - Calculated annually and set by county assessor
 - Issuers do not set the rate and cannot guarantee a levy rate

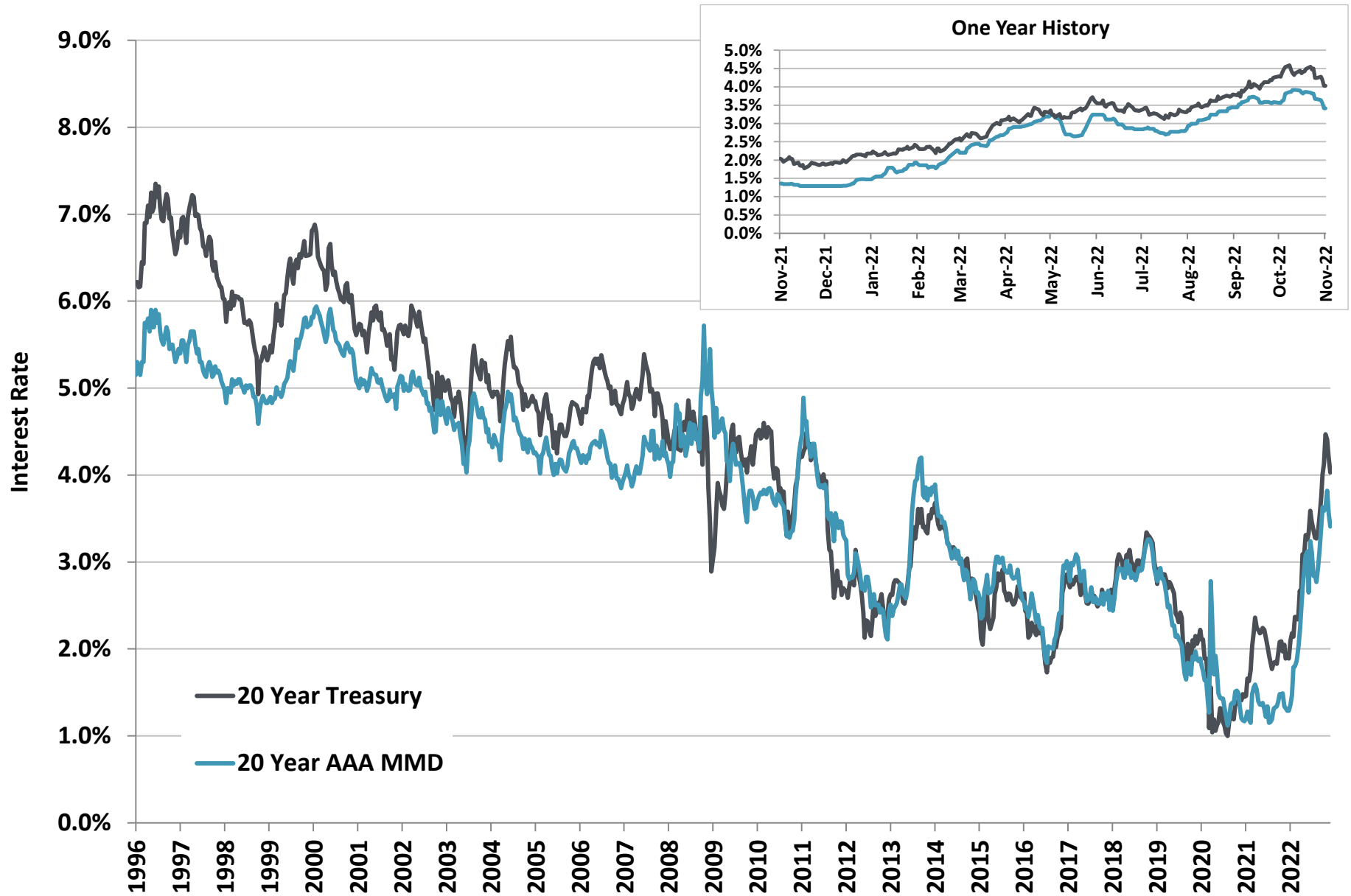
LINCOLN COUNTY SCHOOLS PROPERTY VALUES

- AV growth for existing properties limited to 3%
 - District values grow in excess of 3% due to new construction

Fiscal Year	M5 Real Market Value	% RMV Growth	Total Assessed Value	Urban Renewal Excess	Net Assessed Value	% Total AV Growth
2023	N/A	N/A	\$ 9,359,732,661	\$ 426,082,735	\$ 8,933,649,926	4.66%
2022	12,518,177,942	12.99%	8,942,959,919	357,189,916	8,585,770,003	3.83%
2021	11,078,596,376	6.16%	8,612,963,617	379,964,053	8,232,999,564	3.83%
2020	10,435,500,910	8.06%	8,295,612,301	349,459,402	7,946,152,899	4.00%
2019	9,656,731,139	6.23%	7,976,281,680	324,361,278	7,651,920,402	3.99%
2018	9,090,243,268	6.95%	7,670,378,307	286,589,572	7,383,788,735	4.19%
2017	8,499,366,109	4.73%	7,361,888,028	261,535,878	7,100,352,150	2.93%
2016	8,115,795,224	1.61%	7,152,473,988	229,131,532	6,923,342,456	2.67%
2015	7,987,424,092	0.59%	6,966,730,186	222,834,140	6,743,896,046	2.17%
2014	7,940,723,495	-4.87%	6,818,780,751	380,977,297	6,437,803,454	1.37%
2013	8,347,416,231	-7.78%	6,726,902,017	379,083,227	6,347,818,790	1.66%
2012	9,052,099,827	-7.16%	6,617,331,351	371,870,207	6,245,461,144	2.28%
2011	9,750,422,558	-8.60%	6,469,563,816	419,193,324	6,050,370,492	2.81%
2010	10,667,793,309	-3.98%	6,292,977,665	539,309,969	5,753,667,696	4.34%
2009	11,109,909,484	7.72%	6,031,173,420	504,078,179	5,527,095,241	5.16%
2008	10,313,860,816	18.87%	5,735,027,984	461,009,789	5,274,018,195	5.43%
2007	8,676,406,590	33.31%	5,439,451,179	411,106,434	5,028,344,745	5.19%
2006	6,508,521,663	12.07%	5,171,194,917	385,750,576	4,785,444,341	4.52%
2005	5,807,626,626	5.78%	4,947,457,724	370,827,875	4,576,629,849	3.14%
2004	5,490,272,846	2.24%	4,796,702,054	358,162,883	4,438,539,171	2.26%
2003	5,369,929,274	1.43%	4,690,572,626	362,362,213	4,328,210,413	3.27%
2002	5,294,076,401	---	4,542,114,146	348,167,787	4,193,946,359	---

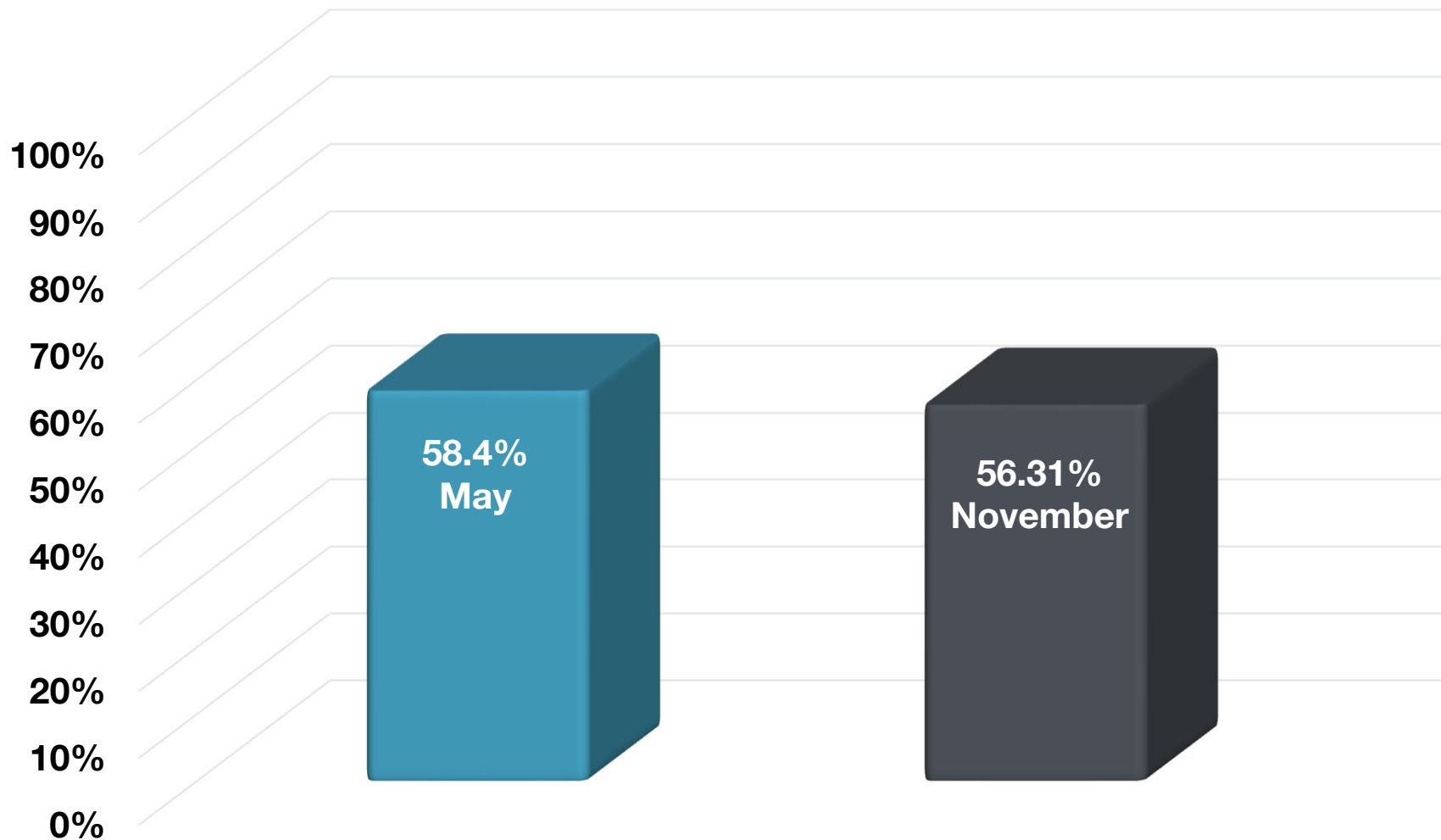
- Look to historical AV growth to inform future growth assumptions

INTEREST RATES



WHAT ARE THE ODDS?

57.5% of Oregon school district GO bond issues from May 2010 to November 2022 have been approved



OREGON SCHOOL CAPITAL IMPROVEMENT MATCHING (OSCIM) PROGRAM

- Provides State matching funds for school GO Bonds
- Must be authorized each biennium
 - \$142.2 million total for 2021-23
 - ~\$66 million available for May 2023 election
- Formula ranks districts & sets maximum grant amount based on property value/ADMw and poverty statistics
- 60% allocated in rank order by priority list & 40% allocated to 'First in Time' lottery
 - Rankings updated each biennium
- **For 21-23 biennium, Lincoln County SD is ranked 167 out of 197; max grant is \$5,281,620**

CURRENT OSCIM SCHEDULE

2021-23 Biennium

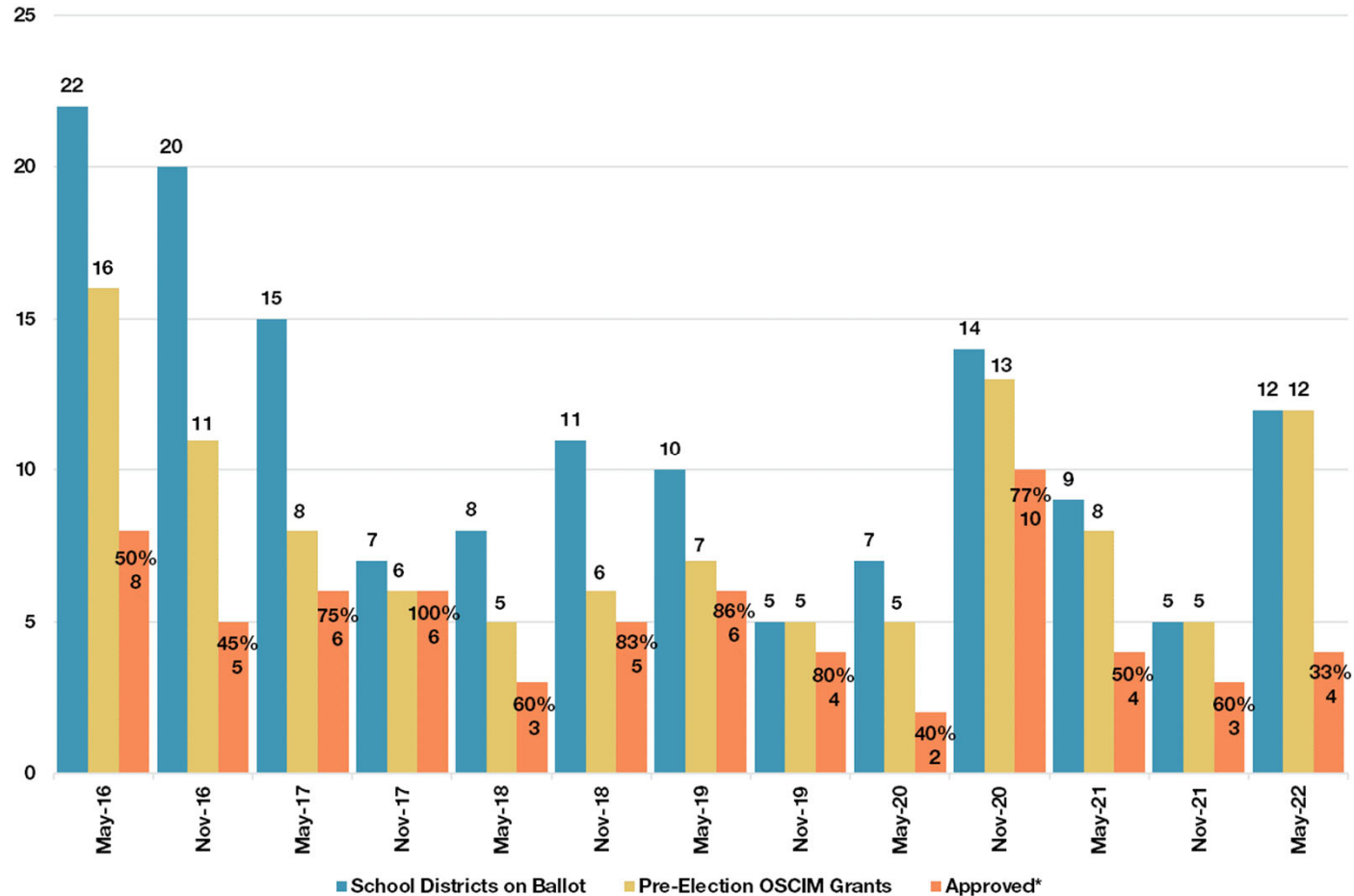
2021						2022										2023								
J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	
Nov 2021																								
					May 2022																			
											Nov 2022													
																		May 2023						

- Application timelines are as follows:

Requirement	November Election	May Election
Facilities Assessment and Long-Range Plan	July 1	December 1
OSCIM Program Application	July 15	December 15

- Ballot titles and resolutions due to ODE 81 days prior to the election

OSCIM PROGRAM HISTORY



- Grant is intended to help increase a district’s chance to approve GO bonds
 - Still need to engage community and get voters on board

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