Clarkston Community Schools

2022 BOND OUR *Kids.* OUR *Community.* OUR *Future.*

PROPOSED BOND IMPROVEMENTS
Election Day: Tuesday, November 8, 2022

ZERO TAX RATE INCREASE
over the current year levy

Financial Facts

Bond funds are needed for improvements to school facilities and infrastructure.

In the State of Michigan, the primary funding mechanism for capital improvements in school districts is requesting taxpayer approval of bond proposals to permit the district to borrow money to pay for capital expenditures. As a general rule, school districts do not use general fund dollars (also known as the state foundation allowance per student) for these types of capital improvements. Doing so would take away money from educational programming and instruction. Bond dollars can be used for capital improvements instead of using general fund dollars. Freeing up general fund dollars for operations puts more money in the classroom, with a focus on instruction and programming.

Annual operational needs are funded through federal dollars and an allocation made by the State of Michigan, known as the student foundation allowance.

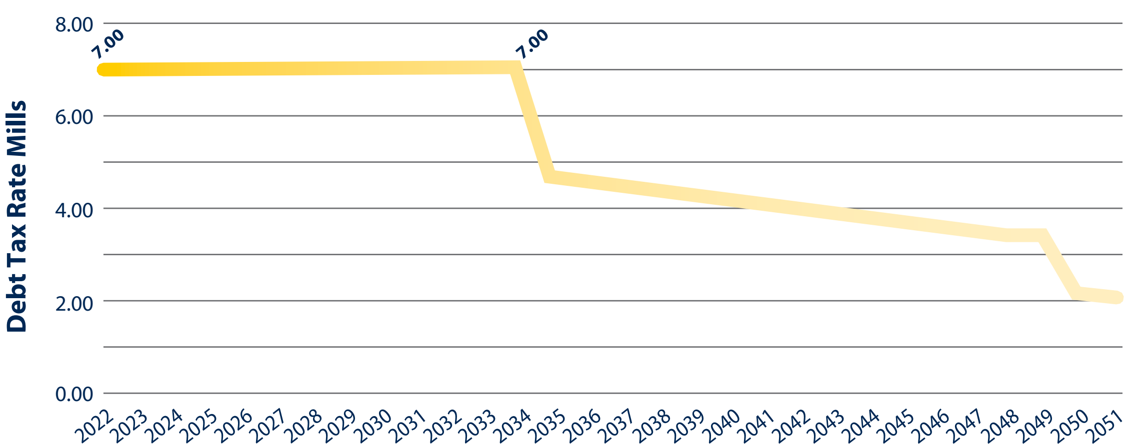
When Proposal A passed in 1994, the funding system for schools changed. The State of Michigan allocates a specific amount per student for operational expenses, known as the student foundation allowance. Anything over and above this funding for needed facility and infrastructure improvements would have to be approved by public vote for bond or sinking fund dollars.

How would the bond proposal impact my property taxes?

If approved by voters, the millage rate is projected to remain the same as the current year levy with no tax rate increase to property owners. The current debt millage rate it 7.0 mills.

How can CCS raise so much money without increasing the tax rate?

If approved by voters, it is estimated the current debt millage rate of 7.0 mills would not change. However, the 7.0 mills would be extended further into the future until 2034, and then decline due to bond repayment and taxable value growth, as illustrated in the graph. CCS participates in the School Loan Revolving Fund which is a self-sustaining State program that allows the district to borrow funds to make part of debt service payments rather than increase its current debt millage.



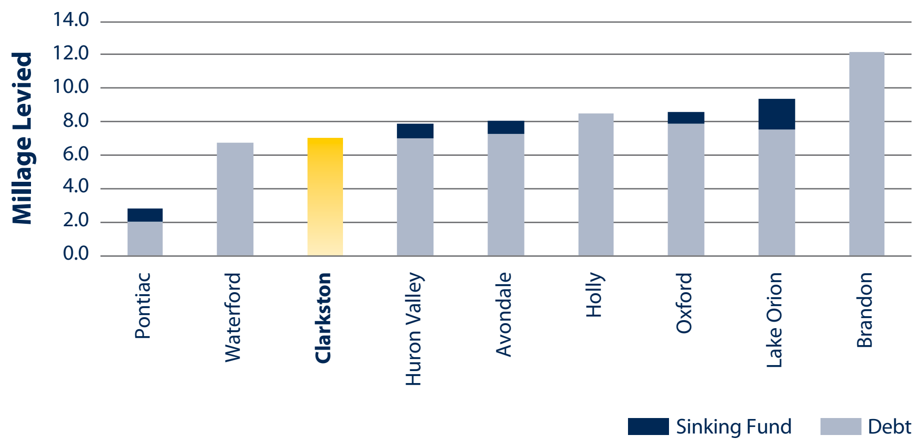
Bond funds cannot be used to pay for salaries or for operational needs.

Voter-approved bond funds can be spent on new construction, additions, remodeling, site improvements, athletic facilities, playgrounds, buses, furnishings, equipment, technology, and other capital needs. Funds raised through the sale of bonds cannot be used on operational expenses such as employee salaries and benefits, school supplies, and textbooks. Bond funds must be kept separate from operating funds and must be audited by an independent auditing firm.

How does Clarkston's millage rate compare to surrounding districts?

Looking at the total millage rates to fund capital improvements at school districts, including debt and sinking fund millage rates, Clarkston Community Schools levies 7.0 mills total (Clarkston does not levy a sinking fund millage). This total millage rate puts Clarkston as the third lowest of surrounding districts.

School District	Debt	Sinking Fund	Total
Pontiac	2.0000	0.7992	2.7992
Waterford	6.7500	0.0000	6.7500
Clarkston	**7.0000**	**0.0000**	**7.0000**
Huron Valley	7.0000	0.8975	7.8975
Avondale	7.3000	0.8000	8.1000
Holly	8.5000	0.0000	8.5000
Oxford	7.9000	0.7268	8.6268
Lake Orion	7.4910	1.9078	9.3988
Brandon	12.1600	0.0000	12.1600



Source: County Apportionment Report

Technology is not amortized over 25 years.

Technology purchases are required to be amortized over a 5-year period beginning at the time of installation. Each bond series has an allowance for future technology purchases and updates.

How much money would the bond proposal generate and would the bonds be issued all at once?

The proposal would generate up to $197,500,000 which would be spent over approximately seven years on district-wide school building and site improvements. The bonds are proposed to be issued in 3 series (in 2023, 2025, and 2029). This allows for years of bond repayments to occur before a new bond series of bonds is issued.

How has the school district managed its finances in anticipation of the bond election?

Over the past 17 years, Clarkston Community Schools has saved school district taxpayers over $30 million in interest costs on outstanding bonds and projected interest cost avoidance on outstanding loans through refinancing.

Most recently this spring, Clarkston Community Schools and the Board of Education reported the district saved taxpayers $4,029,346 in interest costs . This savings results from the successful sale of approximately $54 million of refunding bonds to refinance outstanding bonds, originally issued in 2016 to finance school building and site improvements throughout the district. Seventeen different financial institutions purchased the new bonds at an average interest rate of 2.854% compared to the initial rate of 5%. The transaction also shortened the repayment term by four years, ending in 2025 versus 2029. Earlier this year, Moody's Investors Service assigned an A1 underlying rating and an Aa1 enhanced rating to Clarkston Community Schools. You can learn more by reviewing the full Moody's release on the District website.

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

Yes, businesses and second homes (non-homestead) and primary homes (homestead) are treated the same regarding bond millage. All properties are assessed for debt millage based on their taxable value.