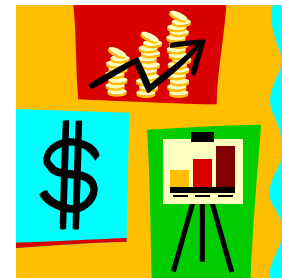


Colusa Unified School District

Measure A Update and Funding Future Facilities Needs



Lori Raineri and Matt Kolker
February 13, 2018

Our Agenda for Today

- ◆ Review of Measure A
- ◆ Funding Additional Facilities Needs
 - ▶ Potential New Bond Measure
- ◆ For Reference
 - ▶ Assessed Value
 - Assumptions - Historical Tests
 - ▶ Additional Information Regarding General Obligation Bonds



Debt Portfolio & Ongoing Monitoring

<u>Election Date</u>	<u>Measure</u>	<u>Vote Required</u>	<u>Authorization Amount</u>	<u>Issuance Amount</u>	<u>Remaining Authorization</u>
Nov 4, 2014	A	55%	\$5,900,000	\$5,900,000	\$0

General Obligation Bonds - Election of 2014, Measure A - \$5,900,000

<u>Series</u>	<u>Dated Date</u>	<u>Type</u>	<u>Issuance - New Money</u>	<u>Total Issuance</u>	<u>Net Debt Service</u>	<u>Debt Service to Principal at Issuance</u>	<u>Principal Paid & to be Paid as of Jan 1, 2018</u>	<u>Debt Service Paid & to be Paid as of Jan 1, 2018</u>	<u>Outstanding Principal as of Jan 1, 2018</u>	<u>Final Maturity</u>	<u>Able to Call?</u>	<u>Next Call Date</u>	<u>Callable Principal</u>	<u>Weighted Average Callable Coupon</u>	<u>Next Call Premium</u>
2015	May 2015	CIBs	\$5,900,000	\$5,900,000	\$9,246,183	1.57 : 1	\$5,900,000	\$9,246,183	\$5,710,000	May 1, 2040	Yes	May 1, 2025	\$4,605,000	3.91%	0%
			<u>\$5,900,000</u>	<u>\$5,900,000</u>	<u>\$9,246,183</u>		<u>\$5,900,000</u>	<u>\$9,246,183</u>	<u>\$5,710,000</u>						

Debt Service to Principal Ratios

Debt service of new \$ issuances to new money principal: 1.57 : 1

(1) Net debt service reflects application of \$334,635 deposited to Interest & Sinking Fund

- ◆ Ongoing monitoring of the debt portfolio for stewardship and compliance.

Measure A

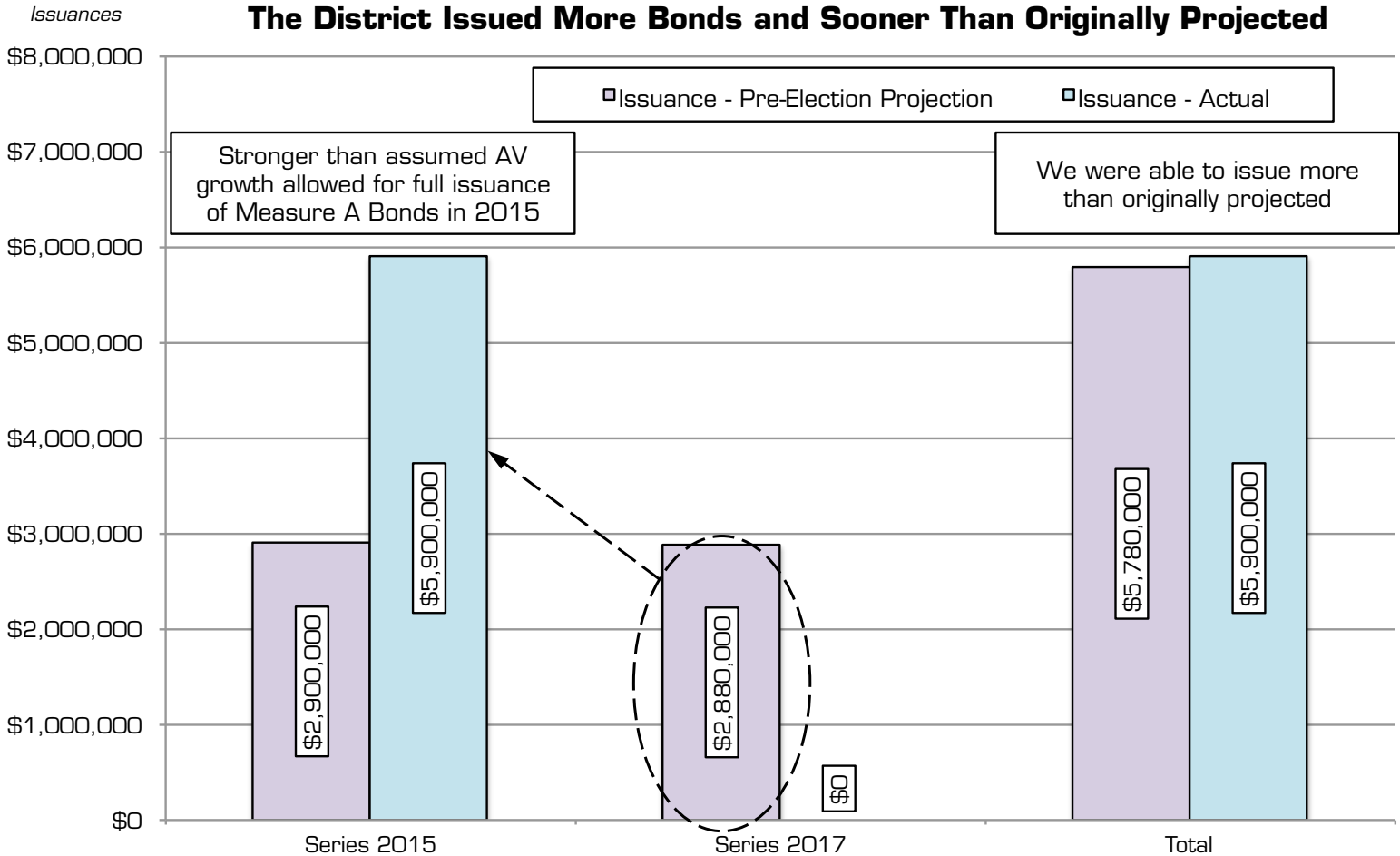
MEASURE A :

“To improve Colusa students’ math, science, reading, and writing skills, by repairing leaky roofs, deteriorating restrooms, plumbing, heating, wiring; providing modern computer technology; renovating outdated classrooms, libraries, agricultural/vocational facilities, science and computer labs; improving fire alarms and school safety; removing asbestos/hazardous materials; acquiring, renovating, constructing, equipping accessible classrooms, sites and facilities; shall Colusa Unified School District issue \$5,900,000 in bonds at legal rates, using independent citizen oversight, no money for administrators, all funds benefitting local schools?”

BONDS-YES

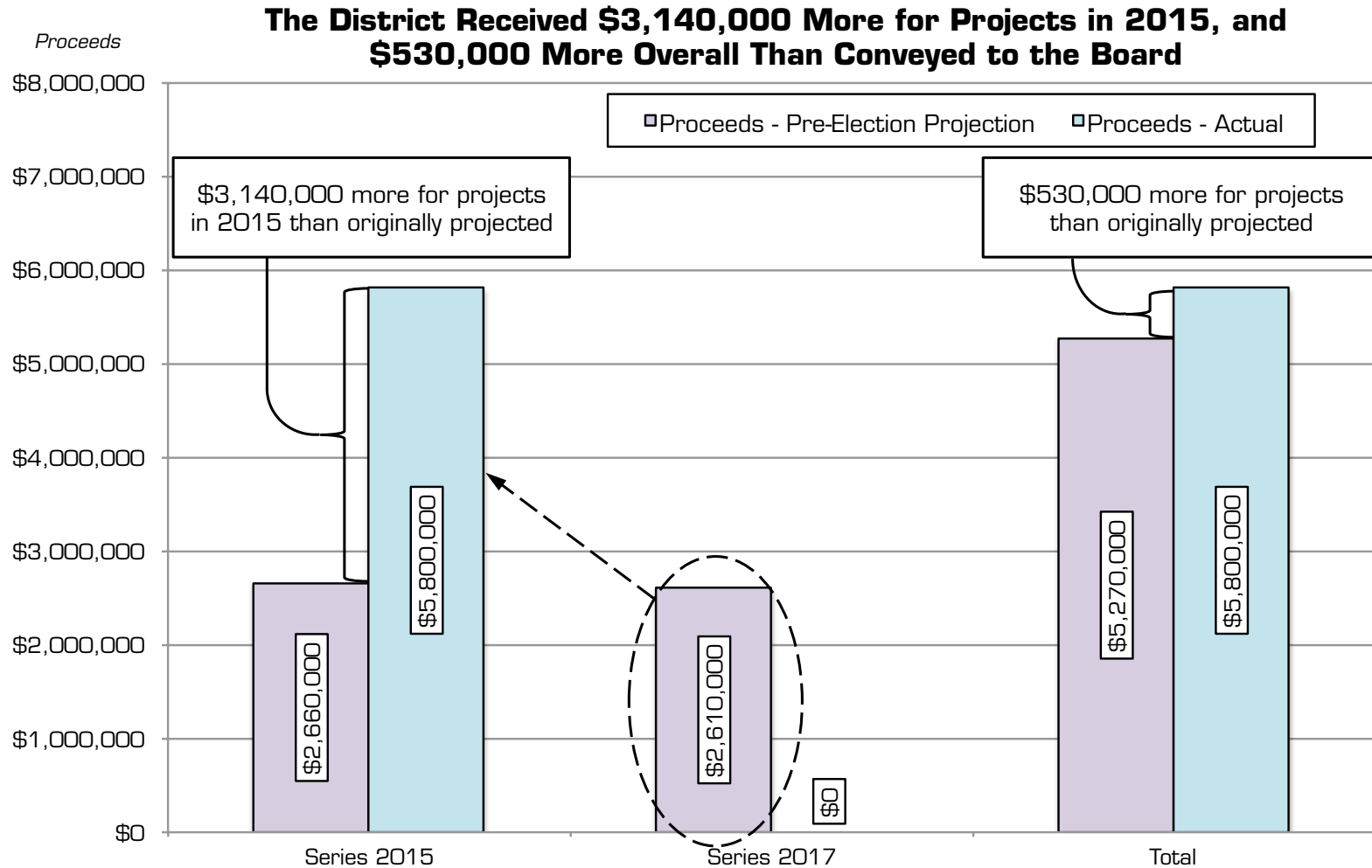
BONDS-NO

More Issued, and Faster



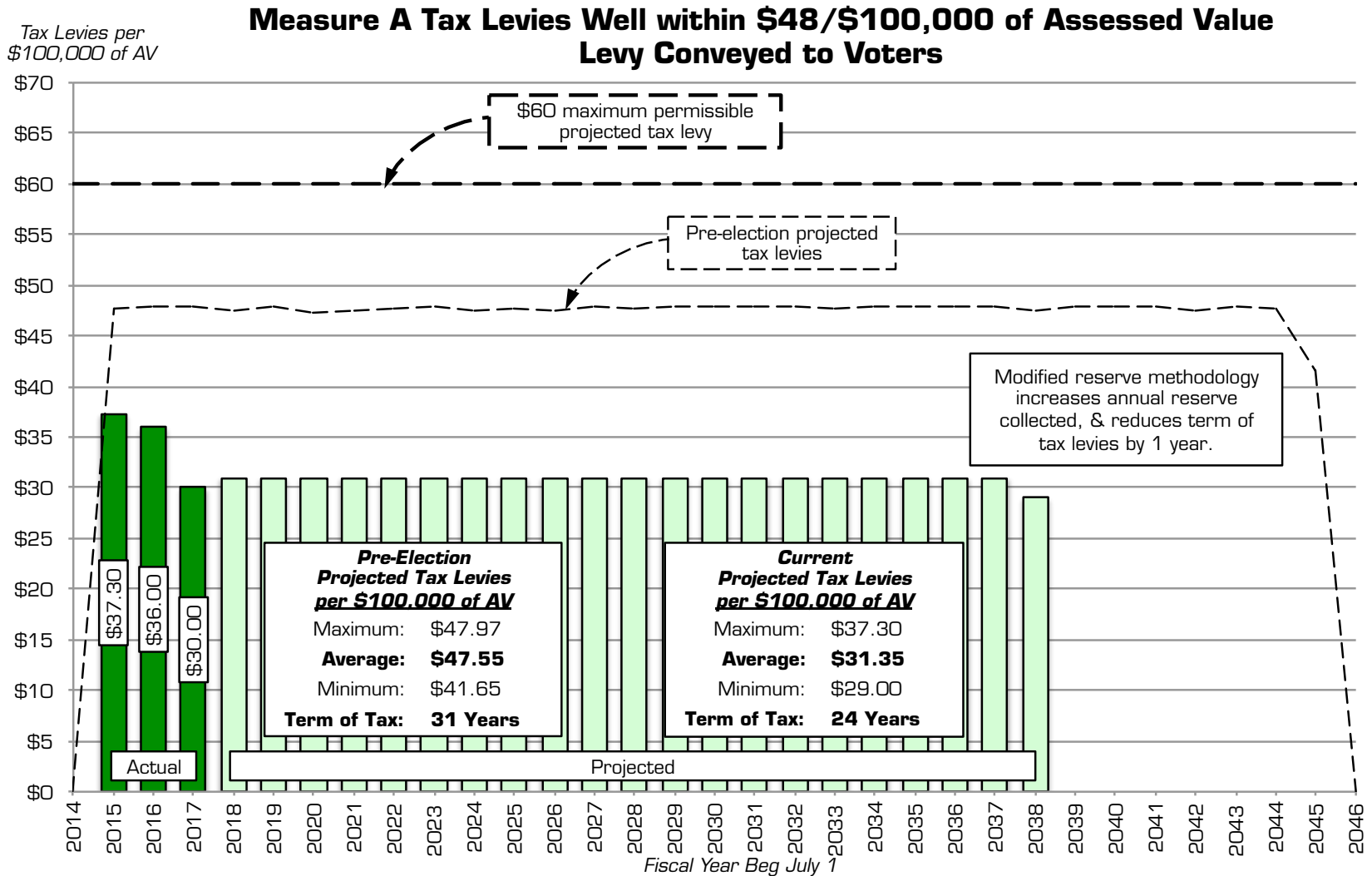
The pre-election bond plan called for issuing \$5.78 million in bonds, based on conservative tax base growth assumptions. Allowing for the possibility of greater than projected tax base growth, the Measure A ballot indicated \$5.9 million, and due to better than projected tax base growth and lower than expected interest costs, the District was able to issue the full \$5.9 million in bonds.

More \$ for Projects and Sooner



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Measure A Tax Rates



Tax levies based on assumed AV increases of 2% annually for net local secured, while all other AV types are assumed to remain unchanged. County revised reserve methodology to increase reserves on hand. For 2017-18, debt service is collected for calendar year 2018 (for cash flow purposes), with a reserve of calendar year 2019.

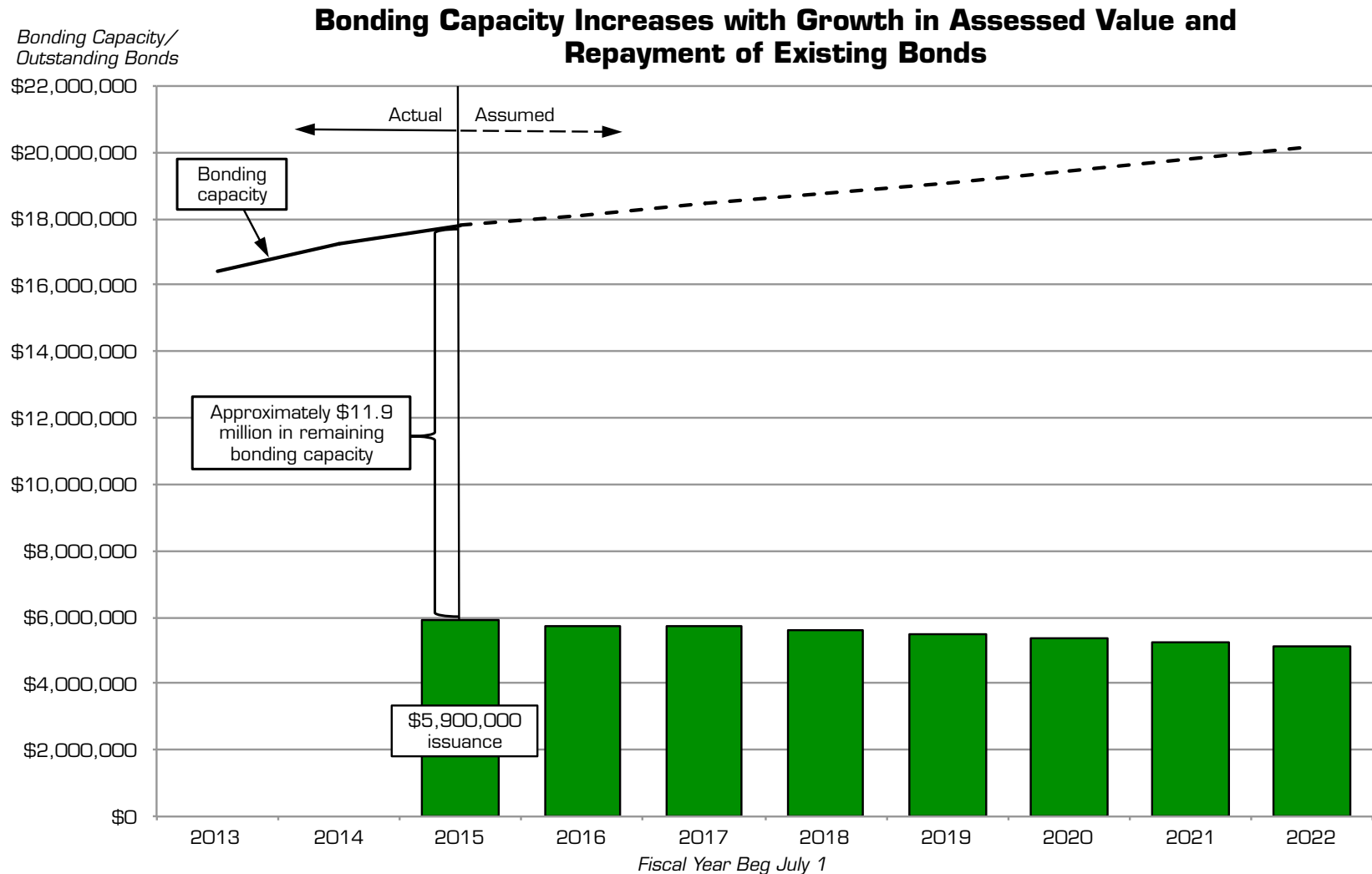
More Needs than Measure A Could Fund



2018 Offers Opportunity

- ◆ Since 2000, school districts may put forward a general obligation bond measure requiring a 55% voter approval with additional oversight
 - ▶ A 55% voter approval measure must be on a general election ballot and the next opportunity is the Statewide general election in November 2018.
 - If there were a general election, e.g. a County election, that fully included all of the District's boundaries, that would be another opportunity.

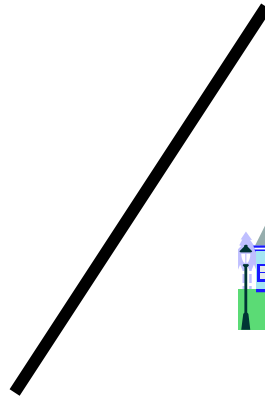
Opportunity for Additional Measure



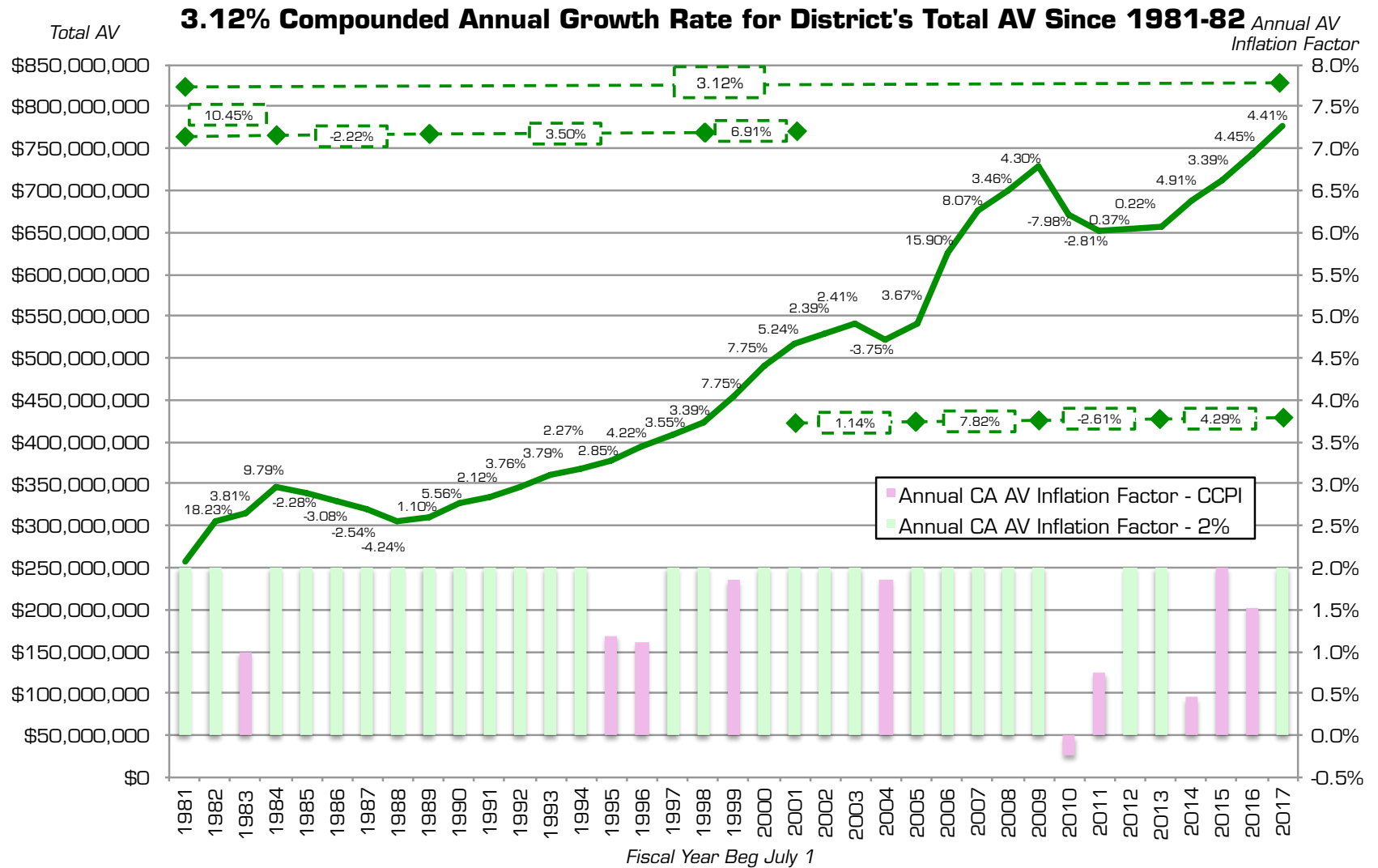
Bonding capacity based on assumed AV increases of 2% annually for net local secured, while all other AV types are assumed to remain unchanged. Annual bonding capacity is as of August 20 when AV becomes "equalized."

General Obligation Bond Tax Rates

- ◆ Bond tax rate \approx debt service \div assessed value
- ◆ Each property in the District pays its pro rata share, based on its individual assessed value (not market value)

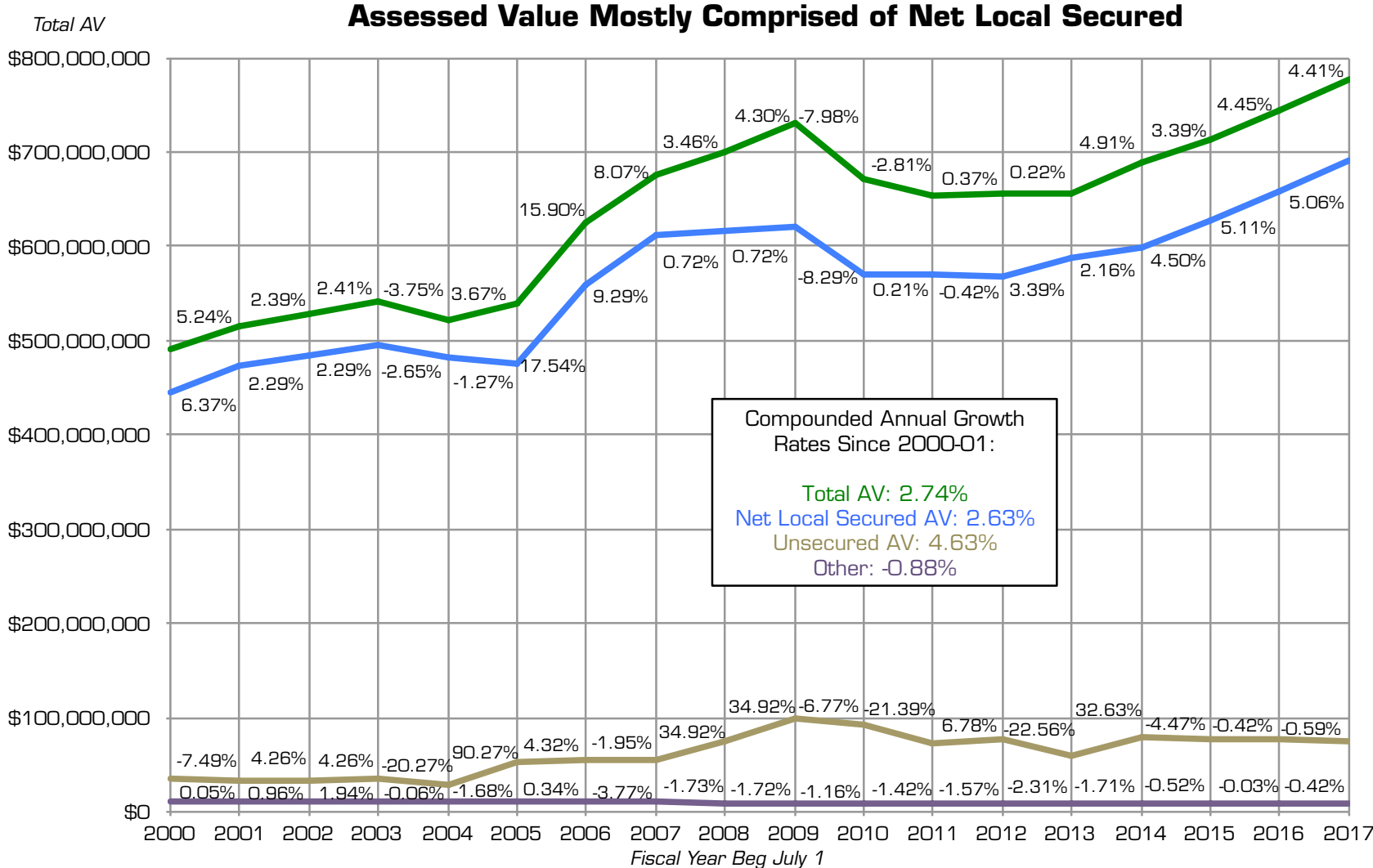


Historical Assessed Value



Assessed values for all years except 1999-00, 2002-03 and 2008-09 provided by Colusa County Auditor-Controller's Department. Roughly consistent growth assumed over missing years. Values show annual changes, while ranges show compounded annual growth rates over the time period.

A Closer Look at AV Since 2000-2001

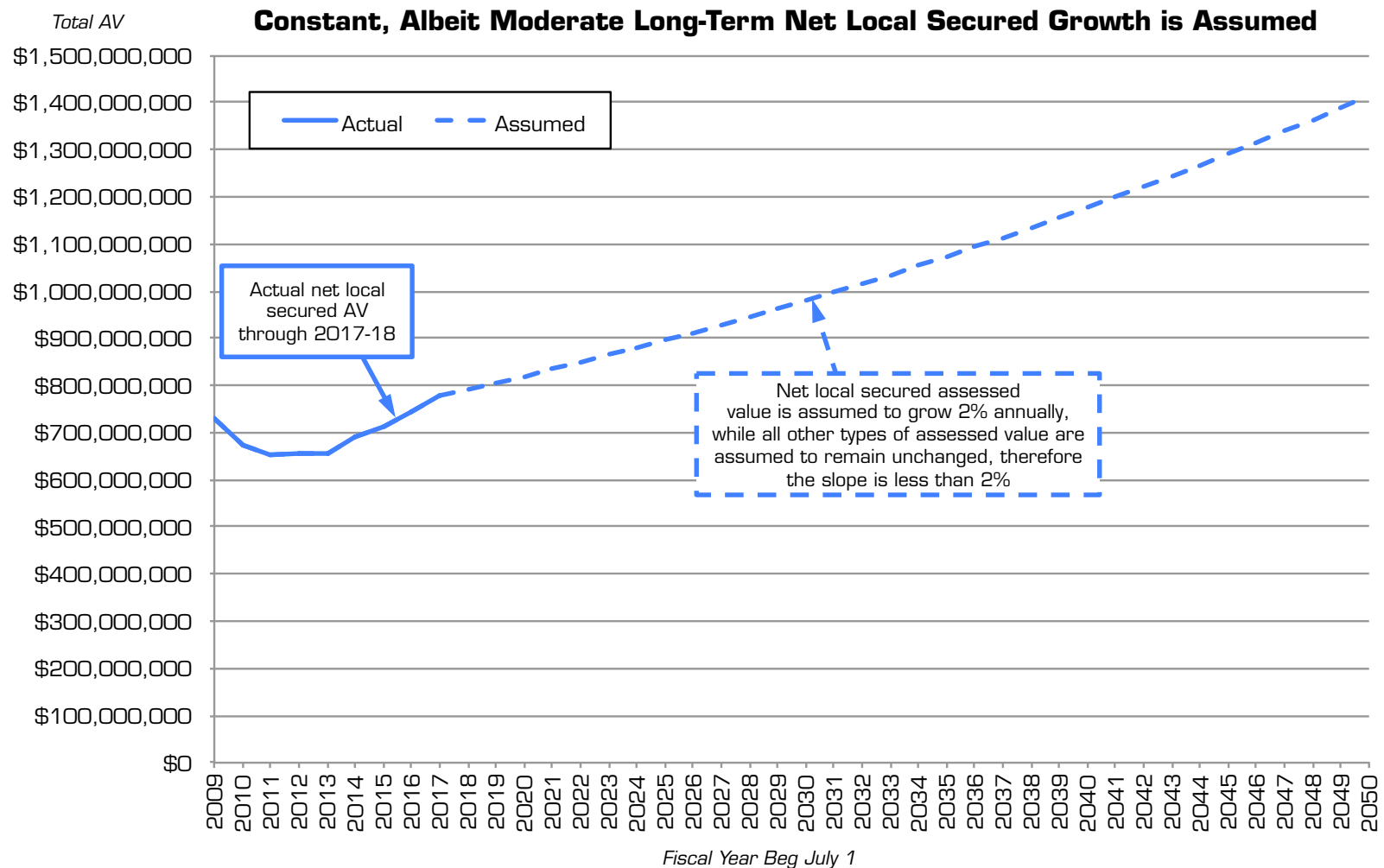


Assessed values for all years except 2002-03 and 2008-09 provided by Colusa County Auditor-Controller's Department. Roughly consistent growth assumed over missing years. Total AV comprised of net local secured, net unsecured and other (comprised of utility and homeowner's exemption).

Reasons Assessed Value Can Change

- ◆ Pursuant to Proposition 13 (and embodied in Article 13A of the California Constitution), a school district's property tax base can change for four reasons:
 - ▶ Properties are sold (and reassessed at the sale price).
 - ▶ Properties are improved (and reassessed with the value of the improvement).
 - ▶ A year passes (each property's assessed value increases by the lesser of 2% or the change in the California Consumer Price Index).
 - ▶ Market value of one or more properties declines below assessed value - assessed value can be adjusted downward to the market value. If market value subsequently increases, assessed value can "catch up" to pre-decline AV plus allowable adjustments (e.g. 2% annual increase).

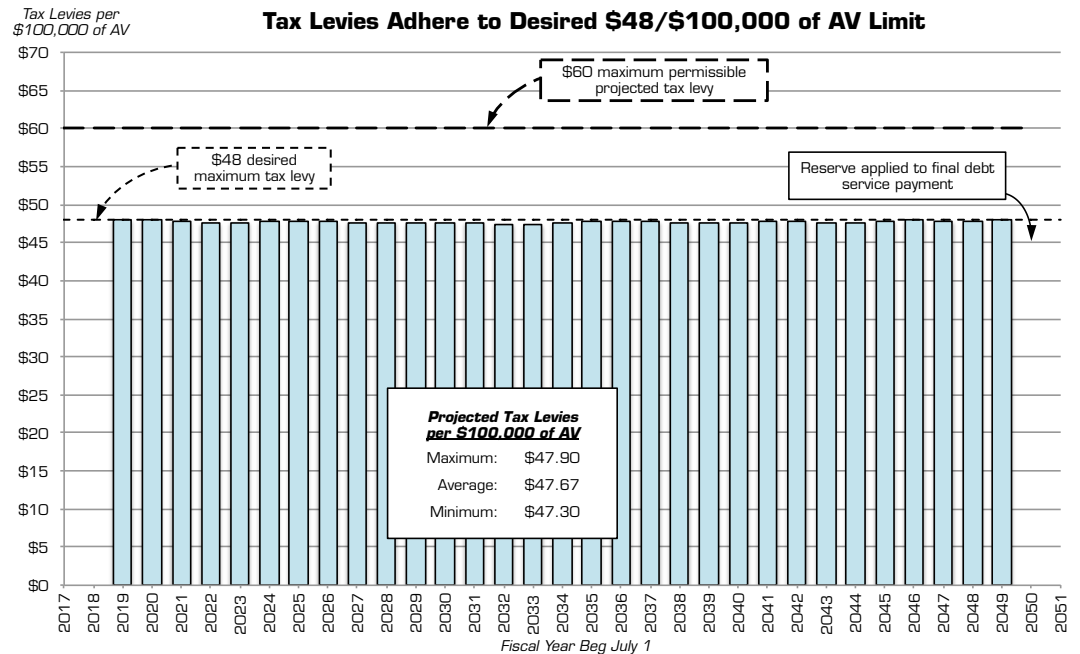
Currently Assumed Future Assessed Value



Historic assessed values provided by Colusa County Auditor-Controller's Department.

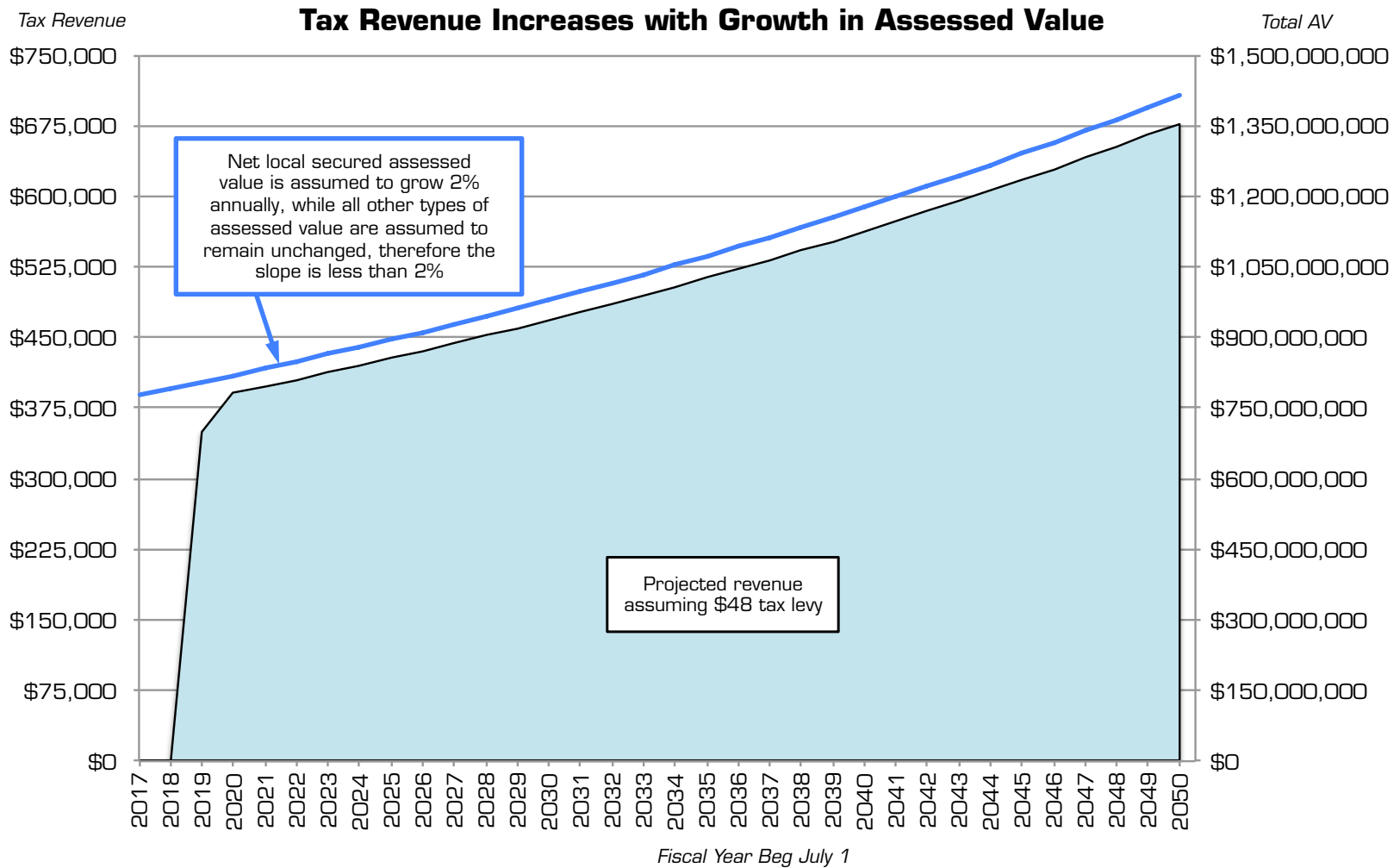
\$48 Tax Parameter

- ◆ The projected \$48 tax rate per \$100,000 of assessed value parameter is less than the statutory maximum of \$60, but what the public information survey taken in 2014 suggested.
 - ▶ This may no longer represent voters' threshold, but it's a place to start.



Fiscal Year Beg July 1
 Net local secured AV is assumed to increase 2% annually, while all other AV types are assumed to remain unchanged. Debt service includes County collection methodology of next calendar year debt service collection, and following calendar year for reserve. Tax rates based on "AAA" MMD rates as of January 18, 2018 adjusted 100bp for assumed "A" rating, plus adjustments to account for potential rate increases prior to issuances (+125bp for 2019 & +150bp for 2021), & +180bp for callable CABs. Values rounded.

Stable Tax Rate → Payments Grow w/ Proj AV

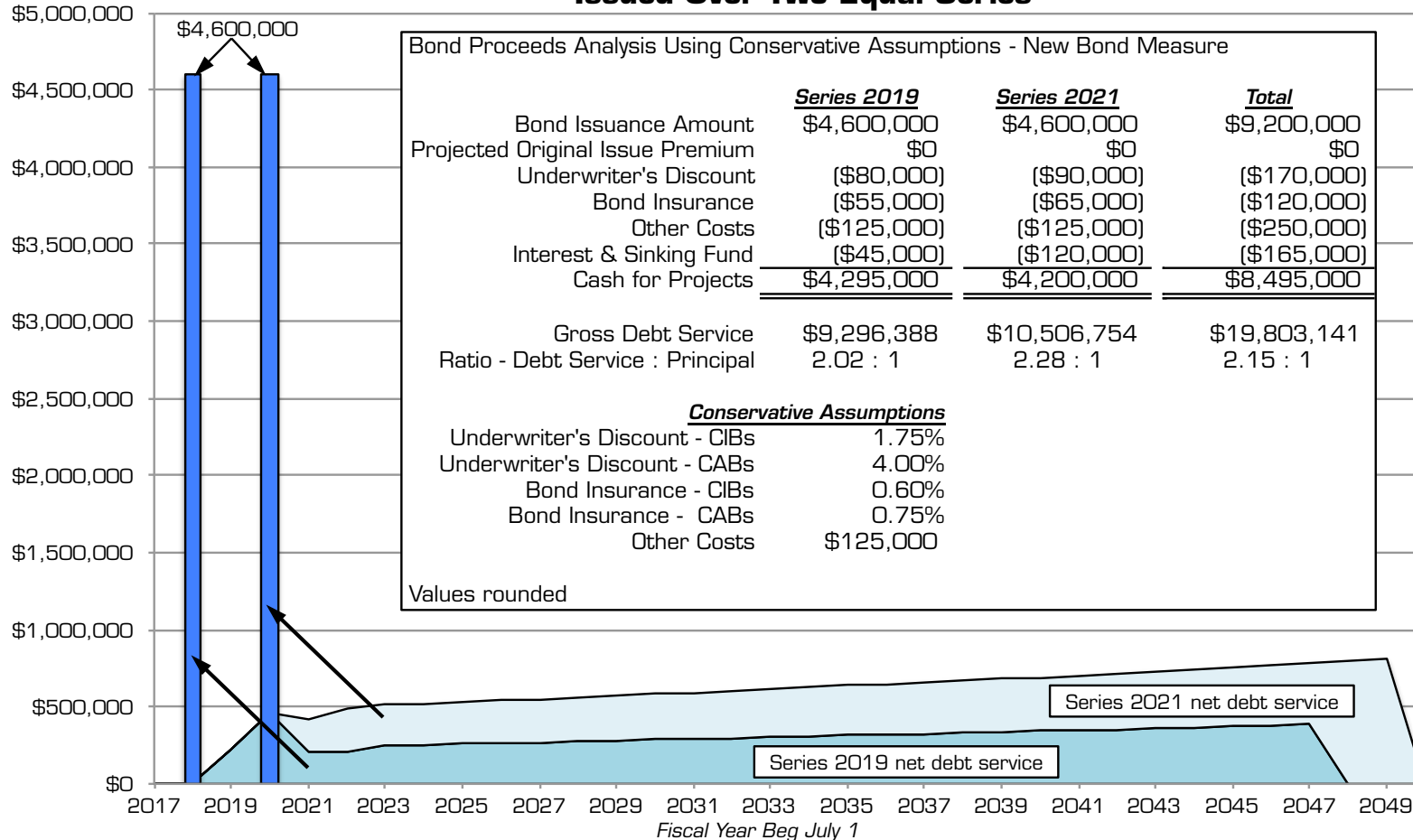


2017-18 assessed value is actual as provided by Colusa County Auditor-Controller's Department. Projected revenue assumes \$48 annual levy.

\$8.5 Million For Needs Is Achievable

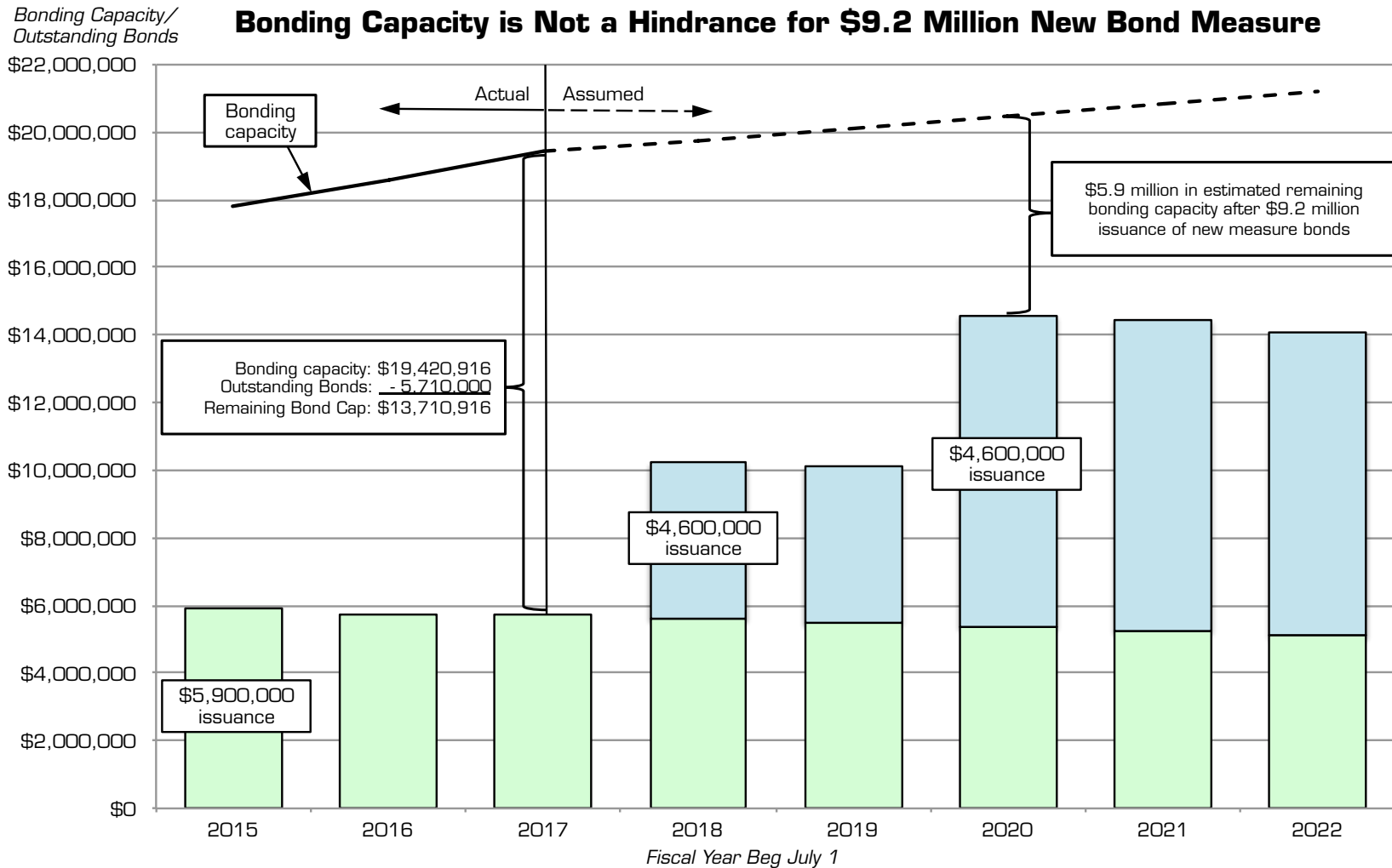
Issuances/Net Debt Service

Tax Revenue Supports Issuance of \$9.2 Million, Issued Over Two Equal Series



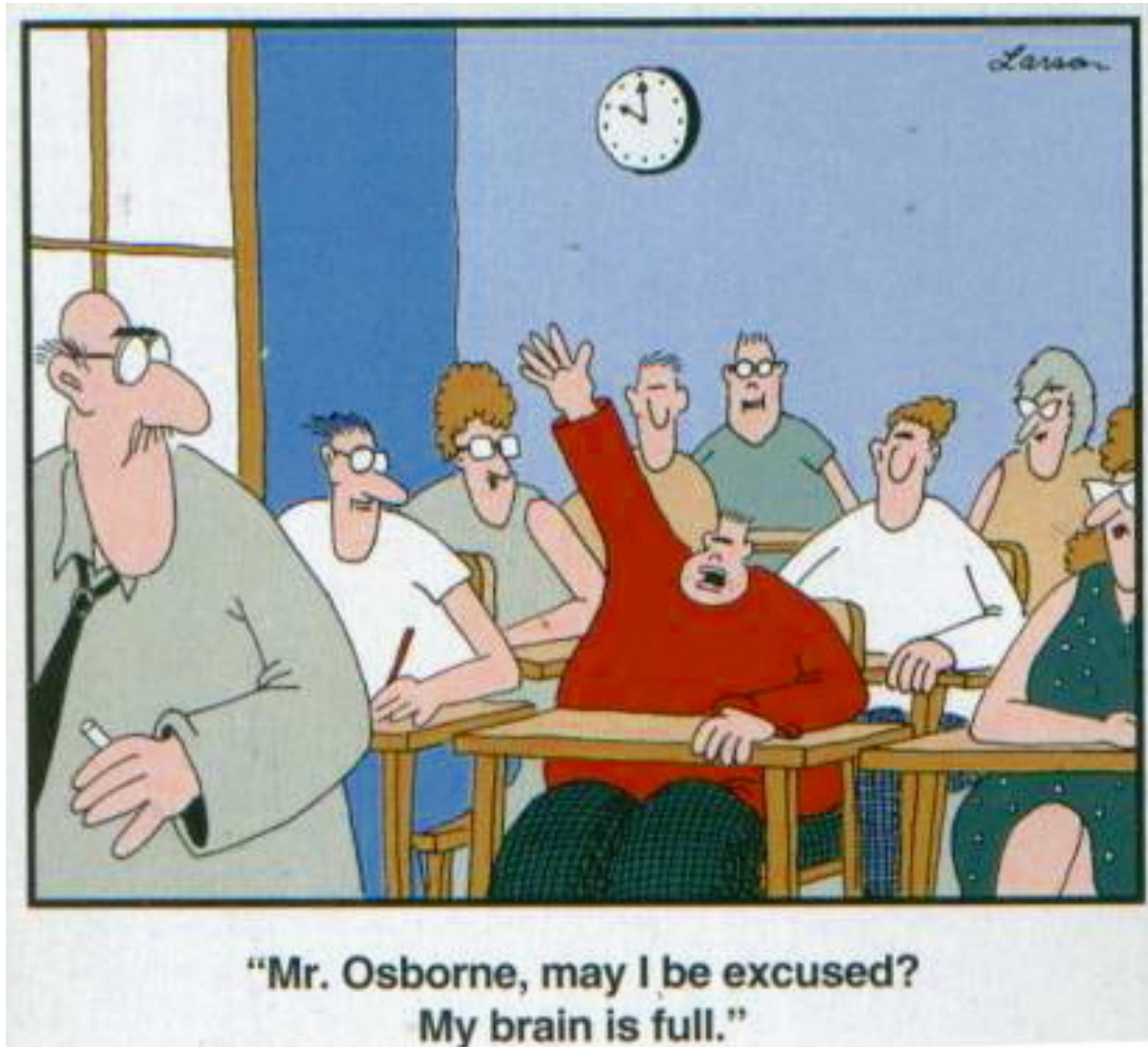
Net local secured AV is assumed to increase 2% annually, while all other AV types are assumed to remain unchanged. Debt service includes County collection methodology of next calendar year debt service collection, and following calendar year for reserve. Tax rates based on "AAA" MMD rates as of January 18, 2018 adjusted 100bp for assumed "A" rating, plus adjustments to account for potential rate increases prior to issuances (+125bp for 2019 & +150bp for 2021), & +180bp for callable CABs. Values rounded.

Bonding Capacity Sufficient



Bonding capacity based on assumed AV increases of 2% annually for net local secured, while all other AV types are assumed to remain unchanged. Annual bonding capacity is as of August 20 when AV becomes "equalized."

Questions or Comments?



For Reference

- ◆ Assessed Value
 - ▶ Assumptions - Historical Tests
- ◆ Additional Information Regarding General Obligation Bonds

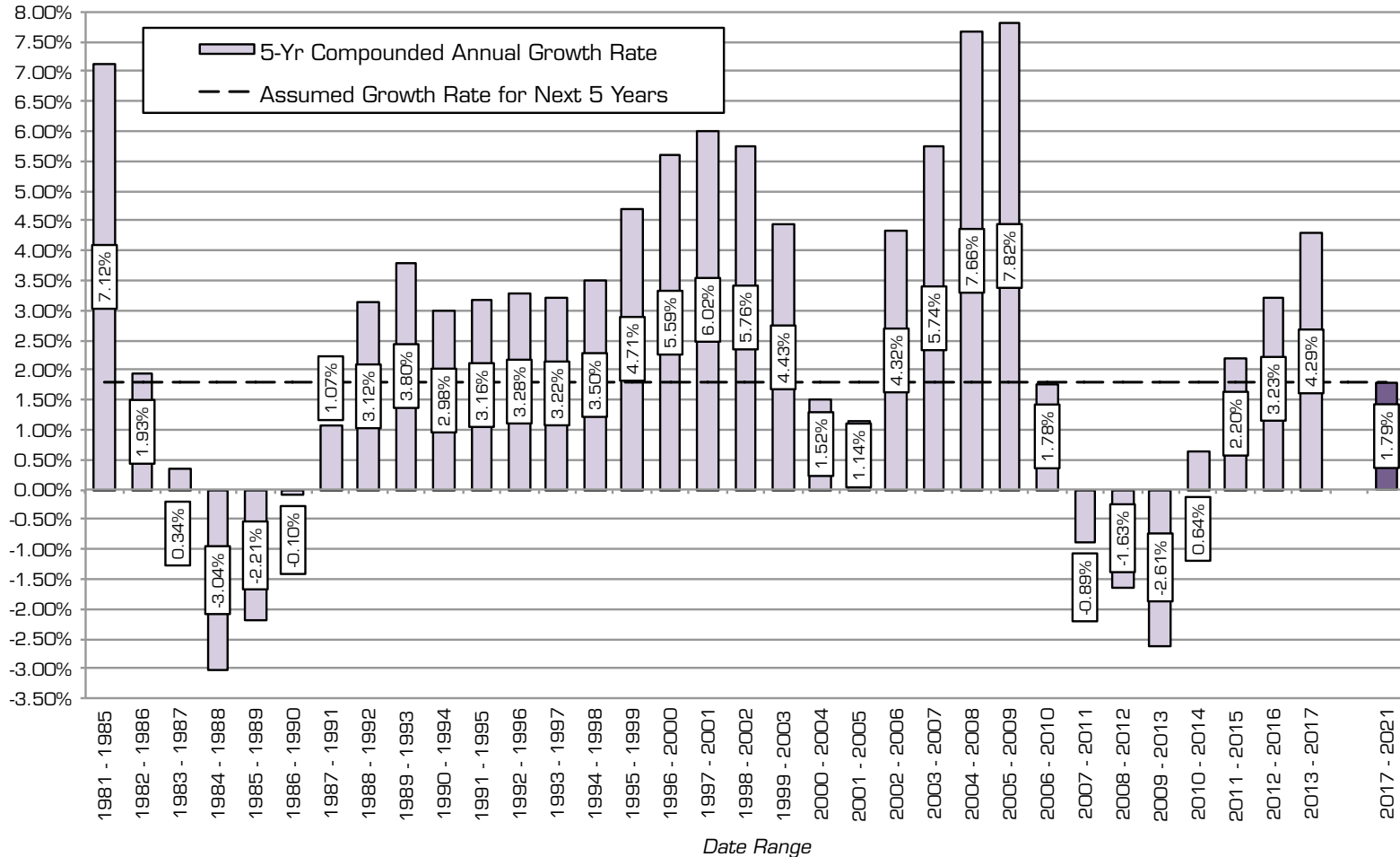
Assessed Value

- ◆ Assumptions - Historical Tests

Historical AV Analysis - 5 Year Periods

Compounded Annual Growth Rate - Total AV

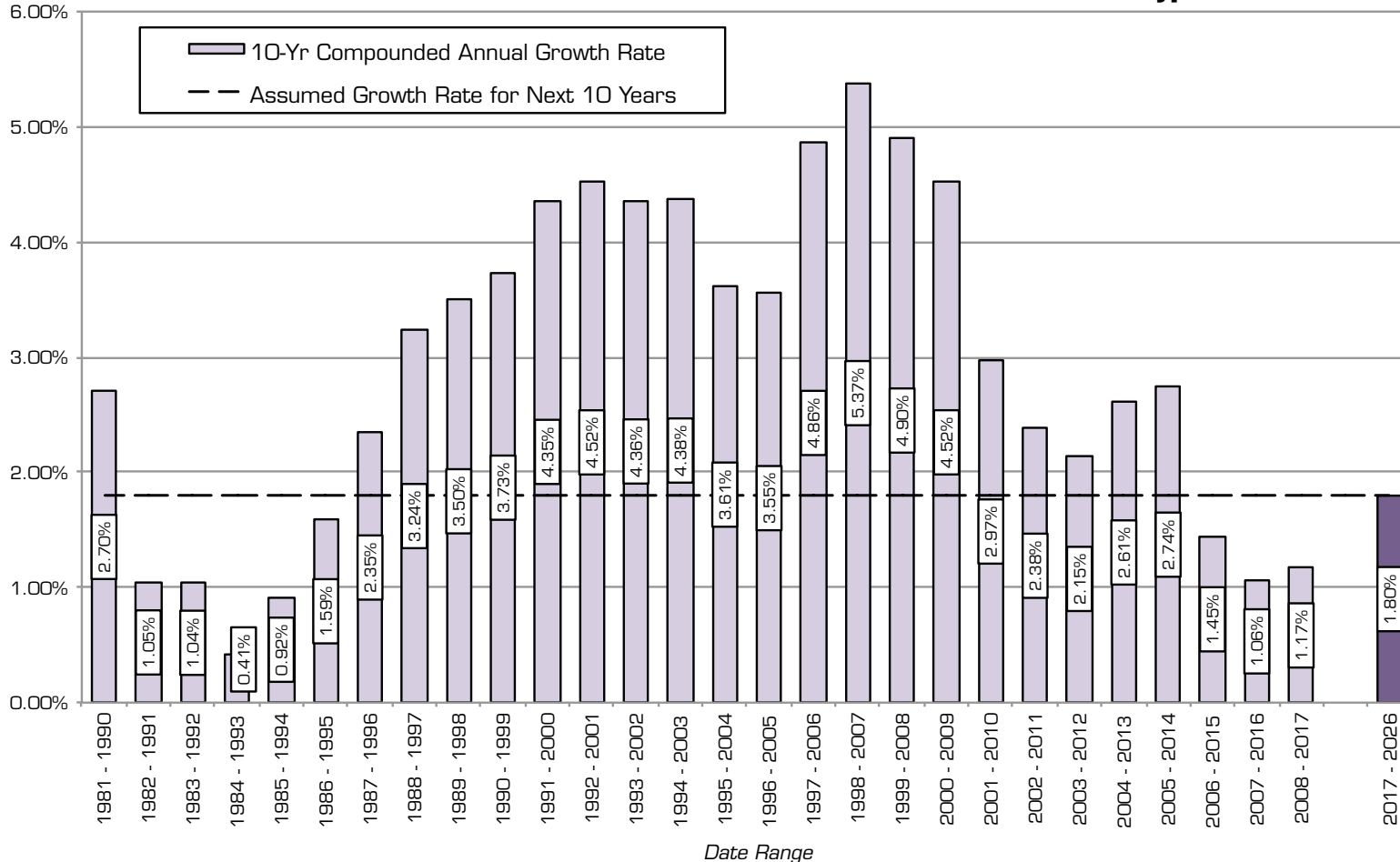
1.79% 5-Year Growth Rate for Total AV Resulting from 2% Annual Net Local Secured Growth Rate & 0% for All Other AV Types



Historical data from Colusa County Auditor-Controller's office. Net local secured AV is assumed to increase 2% annually, while all other AV types are assumed to remain unchanged.

Historical AV Analysis - 10 Year Periods

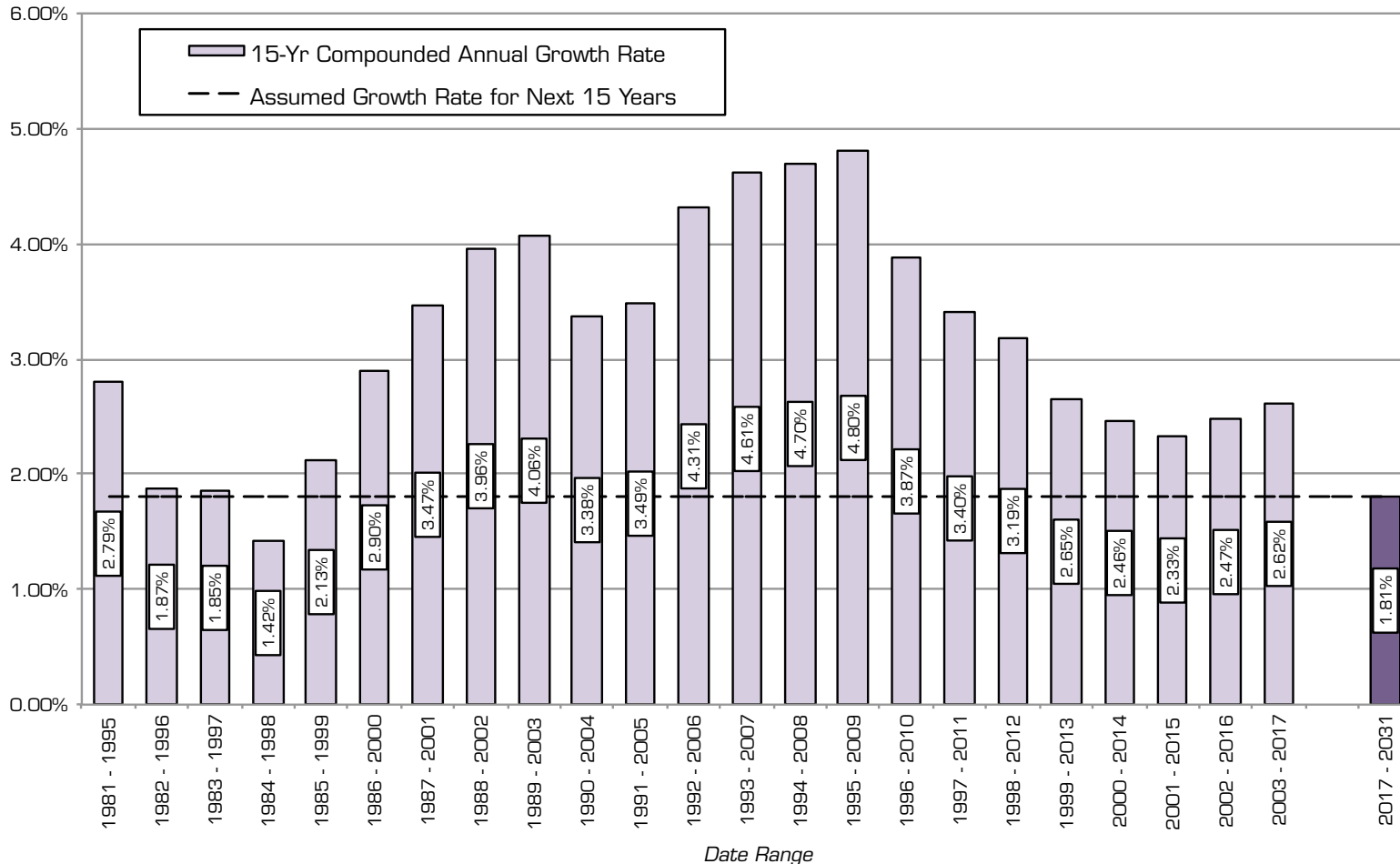
Compounded Annual Growth Rate - Total AV **1.80% 10-Year Growth Rate for Total AV Resulting from 2% Annual Net Local Secured Growth Rate & 0% for All Other AV Types**



Historical data from Colusa County Auditor-Controller's office. Net local secured AV is assumed to increase 2% annually, while all other AV types are assumed to remain unchanged.

Historical AV Analysis - 15 Year Periods

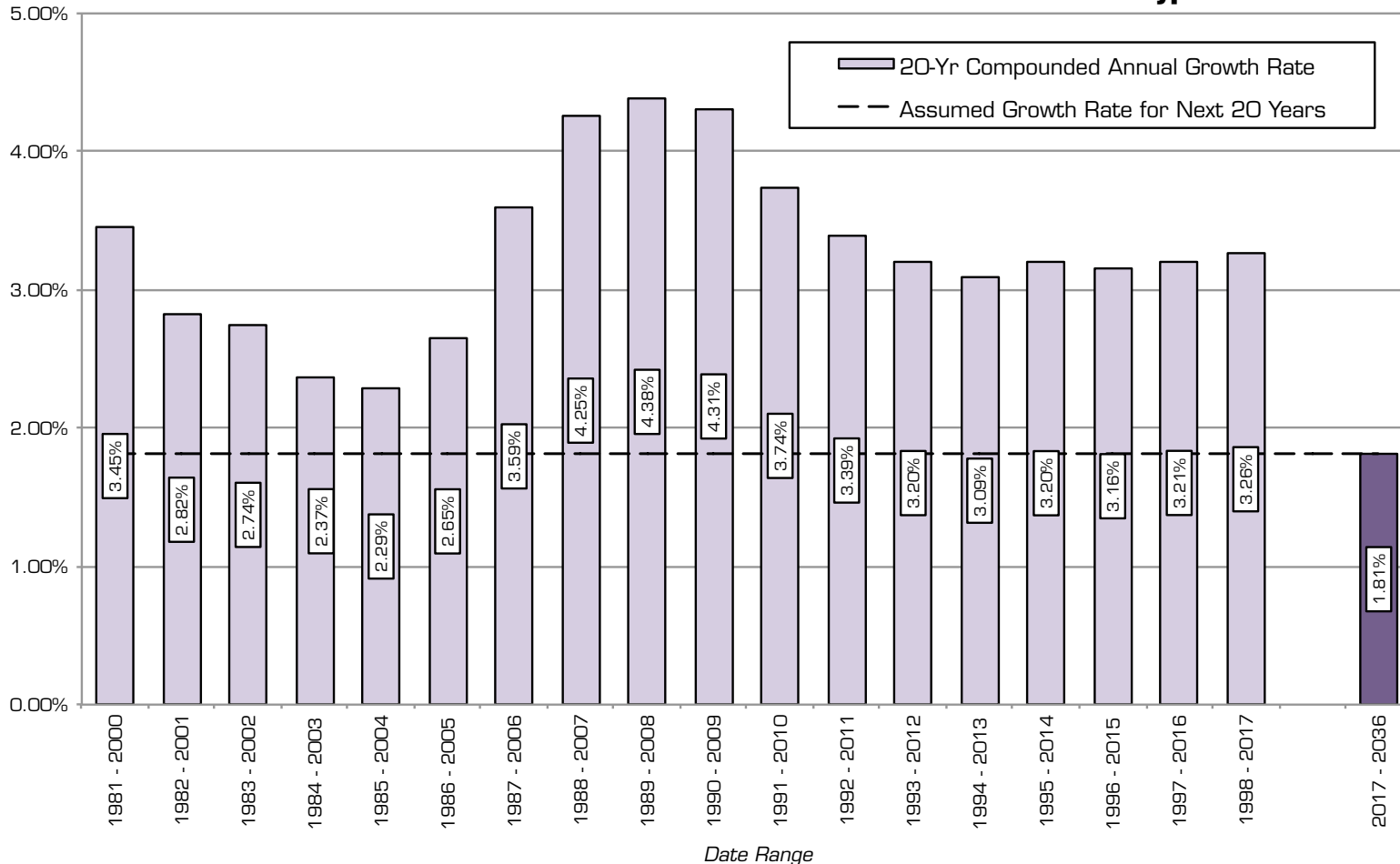
Compounded Annual Growth Rate - Total AV **1.81% 15-Year Growth Rate for Total AV Resulting from 2% Annual Net Local Secured Growth Rate & 0% for All Other AV Types**



Historical data from Colusa County Auditor-Controller's office. Net local secured AV is assumed to increase 2% annually, while all other AV types are assumed to remain unchanged.

Historical AV Analysis - 20 Year Periods

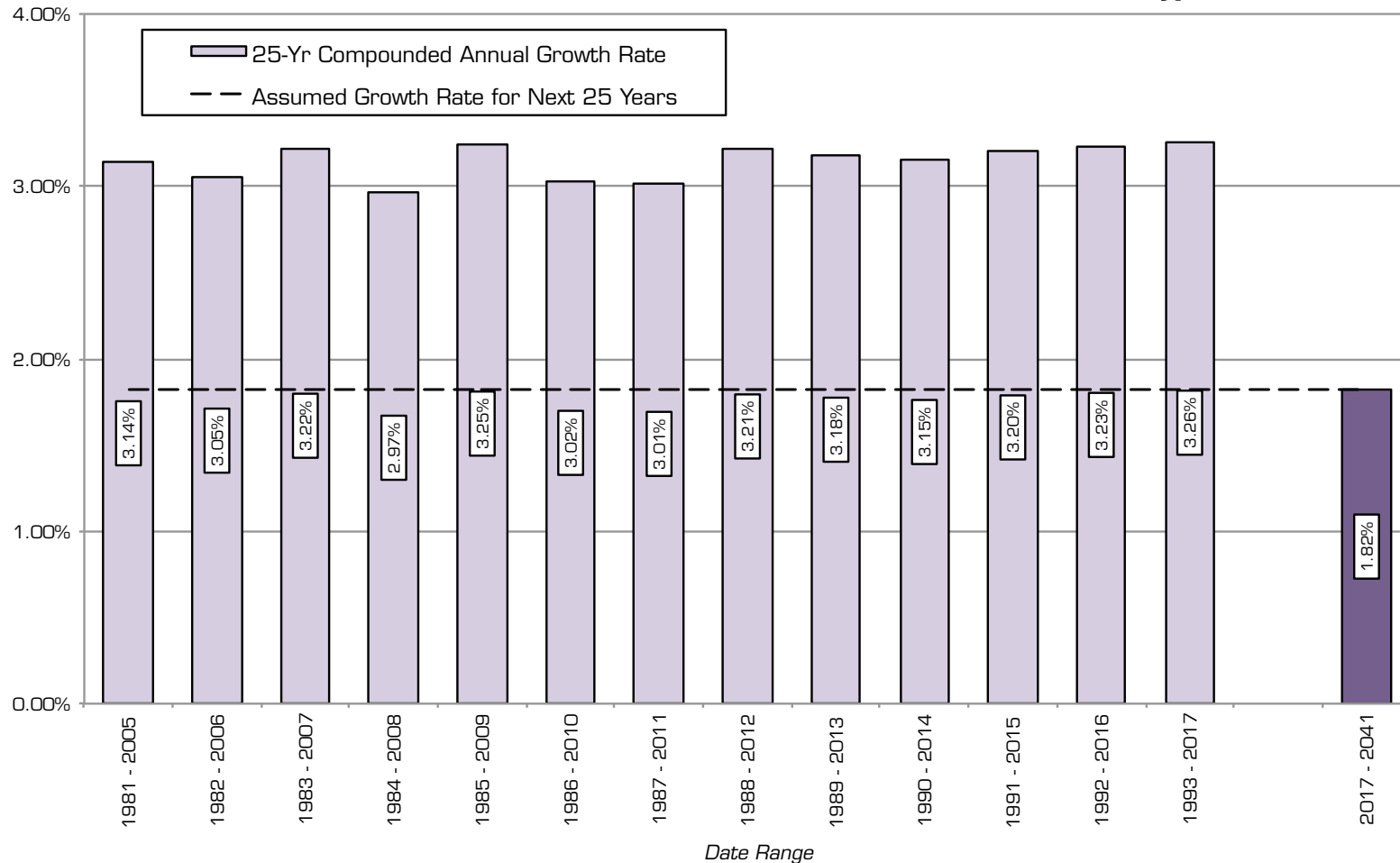
Compounded Annual Growth Rate - Total AV **1.81% 20-Year Growth Rate for Total AV Resulting from 2% Annual Net Local Secured Growth Rate & 0% for All Other AV Types**



Historical data from Colusa County Auditor-Controller's office. Net local secured AV is assumed to increase 2% annually, while all other AV types are assumed to remain unchanged.

Historical AV Analysis - 25 Year Periods

Compounded Annual Growth Rate - Total AV **1.82% 25-Year Growth Rate for Total AV Resulting from 2% Annual Net Local Secured Growth Rate & 0% for All Other AV Types**



Historical data from Colusa County Auditor-Controller's office. Net local secured AV is assumed to increase 2% annually, while all other AV types are assumed to remain unchanged.

Additional Info. Regarding G.O. Bonds

- ◆ Overview of General Obligation Bonds
- ◆ Comparison of 2/3 vs. 55% Voter Approval Bonds

Overview of General Obligation Bonds

- ◆ Common in California since the early 20th Century
 - ▶ In 1978, Proposition 13 superseded authority
 - ▶ In 1986, restored at 2/3 voter approval level
 - ▶ In 2000, 55% voter approval measures allowed with additional accountability requirements
 - Maximum projected tax levy and specified citizens' oversight
- ◆ "Full Faith and Credit Bond" - Unlimited taxing authority
- ◆ "Ad Valorem" taxation
- ◆ Bonding capacity limited to 1.25% of AV for union districts (2.50% of AV for unified districts)
- ◆ County is responsible for ongoing administration
- ◆ No political discretion

2/3 vs. 55% Voter Approval G.O. Bonds

Subject	55% Voter Approval	Two-Thirds Voter Approval
Board Approval Required To Place Measure on Ballot	Two-thirds	Majority
Allowable Election Dates	Primary or general election, regularly scheduled local election, or statewide special election	Any Tuesday that is not the day before or the day after a State holiday, or within 45 days of a regularly scheduled election
Maximum Projected Tax Rates/Levies	For unified district, \$60 per \$100,000 of assessed value; for union district, \$30 per \$100,000 of assessed value	No projected maximum tax rate
Bonding Capacity (i.e. Maximum Bonds Outstanding)	2.5% of assessed value for unified districts and 1.25% of assessed value for union districts	2.5% of assessed value for unified districts and 1.25% of assessed value for union districts
Audits	Independent financial and performance audits must be conducted annually	None specifically required
Oversight Committee	If election is successful, Board must establish independent citizens oversight committee within 60 days of Board adoption of resolution declaring election results	None specifically required
Allowable Expenditures	Construction, reconstruction, rehabilitation, or replacement of school facilities, including furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities	Acquisition or improvement of real property
Facilities List	State Constitution requires a list of the specified school facilities project(s) to be funded	No requirement for a specific facilities list