

Debt Service Analysis

Matawan-Aberdeen Regional School District

July 27, 2015

Outline

- Debt Service
- Property Taxes
- Facilities Issues
- Options
- Recommendation
- Next Steps

Debt Service

Issue	Original Principal	Interest Rate	Term	“P & I” for FY16	Principal Balance @ June 30, 2016
2011 (1)	\$20,530,000	4.0%	20 Years	\$1,813,950	\$17,705,000
2002	5,665,000	5.2%	20 Years	584,820	0
Total	\$26,195,000			\$2,398,770	\$17,705,000

(1) On September 27, 2010, the Board of Education authorized the refinancing of its 4.5% 2003 Issue of bonds by creating a series of *School Refunding Bonds* – known as the 2011 Issue - which saved almost \$950,000 in future interest payments.

Source: FY16 Public Hearing presentation.

Property Taxes

	FY16 Actual	%
Operating Budget	\$48,072,836	95.2%
Debt Service (1)	2,448,770	4.8%
Total	\$50,521,606	100.0%

(1) The debt service portion of the property tax levy is less than 5% of the total levy.

Facilities Issues

- Projected increases in student enrolment of 100+ students beginning as early as FY17
- Inadequate/inefficient HVAC in all buildings

Options

- Do nothing
- Replace the 2002 Issue

Do Nothing

- In FY17, the debt service portion of the property tax levy will decrease approximately 25%
- Assuming a 2% increase in the operating budget portion of the levy, and no change in property values, the tax rate will remain flat = there will be no decrease in taxes

Replace the 2002 Issue

- Select a capital project(s) from the LRFPP to either add new instructional space as needed, or add/upgrade HVAC as needed
- All HVAC projects are eligible for 40% debt service aid
- In no case will the additional project(s) result in annual debt service beyond FY16 levels

Recommendation

- Replace the 2002 Issue

Next Steps

- Architect to perform a more exact facilities study
- District to select the project(s) from the LRFP
- Bond Advisor to prepare a more exact debt analysis to finance the selected projects
- District to engage a Bond Attorney
- Referendum:
 - Last Tuesday in September
 - General election in November
 - Second Tuesday in December
 - Fourth Tuesday in January
 - Second Tuesday in March

Questions

