

**SCHOOL DISTRICT OF THE CITY OF BAY CITY**

**ALL DEBT SERVICE OBLIGATIONS**

**JUNE 30, 2013**

The District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Other long-term obligations include amounts due to employees under contracts negotiated with the employee groups, for payment of unused sick leave, termination bonuses under formulas and conditions specified in their contracts, and amounts due for estimated workers' compensation claims liability.

During the 1998-1999 year, the District received approval of a limited obligation bond issue (Durant) payable in annual installments of principal and interest for 15 years through 2013 with interest of 4.76% for technology improvements. This was paid in full during May of 2013.

During the 2004-2005 year, the District received approval of a \$5,980,000 voted bond issue, payable in annual installments of principal and interest for 20 years through 2024 with interest from 3.25% to 4.30% for the purpose of improving school facilities and developing and improving sites.

During the 2005-2006 year, the District received approval of a \$66,800,000 voted bond issue, payable in semi-annual installments for 30 years through 2036 with interest from 4.00% to 5.00% for the purpose of asbestos control, building improvement and development, and installation of handicap accessible improvements.

During the 2008-2009 year, the District entered into a capital lease obligation with Hewlett Packard to replace technology equipment. The lease provides for quarterly installments of \$31,491 for four years through 2012 with interest at 0.36%. This was paid in full during September of 2012.

During the 2009-2010 year, the District entered into a capital lease obligation with Hewlett Packard to replace technology equipment. The lease provides for quarterly installments of \$1,473 for four years through October 2013 with interest at 1.24%.

During the 2009-2010 year, the District entered into a loan agreement for the purchase of a bus fleet with security cameras, payable in annual installments for six years through 2015 with interest at 3.75%.

During the 2009-2010 year, the District received approval of a \$1,700,000 non-voted bond issue, payable in semi-annual installments for 15 years through 2024 with interest from 2.00% to 5.40% for the purpose of remodeling school facilities and developing and improving sites.

During the 2010-2011 year, the District entered into a capital lease obligation with Hewlett Packard to replace technology equipment. The lease provides for quarterly installments of \$41,837 for four years through 2014 with interest at 3.67%.

Long-term debt at June 30, 2013 is comprised of the following:

	<u>Interest Rate</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
Capital lease obligations	0.36%-3.67%	2014	226,148
Bus loan	3.75%	2015	911,751
School improvement bonds	3.25%-4.30%	2024	3,705,000
School building and site bonds	4.00%-5.00%	2036	55,170,000
Completion bond	2.00%-5.40%	2024	1,325,000
Accumulated sick leave and severance			6,922,778
Accumulated vacation			105,078
Estimated liability for workers' compensation			155,000
<b>Total</b>			<u><b>\$68,520,755</b></u>

The following is a summary of governmental long-term transactions for the District for the year ended June 30, 2013:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due within one year</b>
Bonds	\$ 63,309,120	\$ -	\$ 3,109,120	\$ 60,200,000	\$ 3,105,000
Capital lease obligations	421,915	-	195,767	226,148	163,652
Bus loans	1,192,698	-	280,947	911,751	292,293
Accumulated sick leave and severance	7,323,112	128,234	528,568	6,922,778	388,430
Accumulated vacation	111,427	-	6,349	105,078	-
Estimated liability for workers' compensation	176,000	-	21,000	155,000	-
<b>Total</b>	<u><b>\$ 72,534,272</b></u>	<u><b>\$ 128,234</b></u>	<u><b>\$ 4,141,751</b></u>	<u><b>\$ 68,520,755</b></u>	<u><b>\$ 3,949,375</b></u>

Annual debt service requirements to service the borrowings outstanding to maturity, including both principal and interest, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 3,560,945	\$ 2,969,191	\$ 6,530,136
2015	3,115,750	2,808,439	5,924,189
2016	3,076,204	2,662,098	5,738,302
2017	2,775,000	2,536,450	5,311,450
2018	2,795,000	2,400,715	5,195,715
Thereafter	46,015,000	20,879,543	66,894,543
<b>Total</b>	<u><b>\$ 61,337,899</b></u>	<u><b>\$ 34,256,436</b></u>	<u><b>\$95,594,335</b></u>

**SCHOOL DISTRICT OF THE CITY OF BAY CITY**

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE  
AND NET BONDED DEBT PER CAPITA  
Last Ten Fiscal Years  
(UNAUDITED)**

<u>FISCAL YEAR</u>	<u>(A) POPULATION BAY COUNTY (ESTIMATED)</u>	<u>(B) TAXABLE VALUATION (IN 1,000'S)</u>	<u>GROSS BONDED DEBT</u>	<u>DEBT SERVICE MONIES AVAILABLE</u>	<u>NET BONDED DEBT</u>	<u>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</u>	<u>NET BONDED DEBT PER CAPITA</u>
2012-13	106,935	\$ 1,697,674	\$ 60,200,000	\$ 507,278	\$ 59,692,722	3.52%	\$ 558.22
2011-12	107,110	\$ 1,728,134	\$ 63,210,000	\$ 554,273	\$ 62,655,727	3.63%	\$ 584.97
2010-11	107,434	\$ 1,708,638	\$ 65,930,000	\$ 468,208	\$ 65,461,792	3.83%	\$ 609.32
2009-10	110,157	\$ 1,834,223	\$ 68,300,000	\$ 382,248	\$ 67,917,752	3.70%	\$ 616.55
2008-09	107,495	\$ 1,843,266	\$ 69,008,800	\$ 637,427	\$ 68,371,373	3.71%	\$ 636.04
2007-08	107,517	\$ 1,787,583	\$ 71,096,100	\$ 736,464	\$ 70,359,636	3.94%	\$ 654.40
2006-07	108,390	\$ 1,725,176	\$ 73,005,000	\$ 679,584	\$ 72,325,416	4.19%	\$ 667.27
2005-06	109,029	\$ 1,634,671	\$ 72,039,467	\$ 771,660	\$ 71,267,807	4.36%	\$ 653.66
2004-05	109,480	\$ 1,563,673	\$ 15,190,009	\$ 555,769	\$ 14,634,240	0.94%	\$ 133.67
2003-04	109,532	\$ 1,488,117	\$ 12,297,640	\$ 478,838	\$ 11,818,802	0.79%	\$ 107.90

**NOTES:**

(A) Population data estimate from U.S Census Bureau American FactFinder for Bay County, Michigan.

(B) Taxable valuation obtained from Michigan Department of Education as provided by Bay and Saginaw County Treasurers Report 4410.

**SCHOOL DISTRICT OF THE CITY OF BAY CITY**

**COMPUTATION OF LEGAL DEBT MARGIN**

**June 30, 2013**

**(UNAUDITED)**

2012 State Equalized Value		\$ 1,838,449,333
Legal Debt Limit (\$1,838,449,333 x 15%)*		275,767,400
Bond Debt Outstanding	\$ 60,200,000	
Less Bonds not subject to the Debt Limit*	<u>55,170,000</u>	
Total Subject to Debt Limit		<u>5,030,000</u>
Additional Debt Which Could Be Legally Incurred		<u><u>\$ 270,737,400</u></u>

**NOTE:**

\*Section 1351(3) of Act 451, Public Acts of Michigan, 1976, as amended, provides that bonds not included in the computation of the legal debt margin are (1) any bond qualified under Article IX, Section 16, of the Michigan Constitution of 1963, and (2) deficit budget bonds authorized under Section 1356. In addition, Section 605 of Act 34, Public Acts of Michigan, 2001, as amended, provides, in relevant part, that debt evidenced by a refunding security shall not be deemed to be within any statutory or charter limitation of outstanding debt limit.

**SCHOOL DISTRICT OF THE CITY OF BAY CITY**

**SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT**

**June 30, 2013**

**(UNAUDITED)**

	<u>TOTAL DEBT OUTSTANDING</u>	<u>PERCENT APPLICABLE TO SCHOOL DISTRICT</u>	<u>AMOUNT APPLICABLE TO SCHOOL DISTRICT</u>	<u>DEBT PRINCIPAL PER CAPITA (POP 106,935)</u>	<u>PERCENT TAXABLE VALUE</u>
<b>DIRECT DEBT:</b>					
2009 Bus Loan	911,751	100.00%	911,751	9	0.053%
2004 - 2009 Technology Capital Lease Obligations	226,148	100.00%	226,148	2	0.013%
2005 School Improvement Bonds (GONQ)	3,705,000	100.00%	3,705,000	35	0.214%
2009 School Building and Site Bonds (GOLT)	1,325,000	100.00%	1,325,000	12	0.077%
2006 School Building and Site Bonds (UTQ)	55,170,000	100.00%	55,170,000	516	3.192%
General obligation bonds and note payable	<u>61,337,899</u>		<u>61,337,899</u>	<u>574</u>	<u>3.549%</u>
<b>OVERLAPPING DEBT (B):</b>					
City of Auburn	50,000	100.00%	50,000	0	0.003%
City of Bay City	50,353,000	99.72%	50,212,012	470	2.906%
City of Midland	33,455,000	0.26%	86,983	1	0.005%
County of Bay	16,115,513	58.98%	9,504,930	89	0.550%
County of Saginaw	33,519,414	0.29%	97,206	1	0.006%
Beaver Township	-	0.00%	-	-	0.000%
Buena Vista Township	7,798,000	2.03%	158,299	1	0.009%
Frankenlust Township	1,497,750	95.16%	1,425,259	13	0.082%
Hampton Township	1,560,000	24.41%	380,796	4	0.022%
Kawkawlin Township	1,260,900	82.93%	1,045,664	10	0.061%
Kochville Township	620,274	1.82%	11,289	0	0.001%
Merritt Township	1,590,836	69.41%	1,104,199	10	0.064%
Monitor Township	280,000	100.00%	280,000	3	0.016%
Portsmouth Township	229,164	100.00%	229,164	2	0.013%
Tittabawassee Township	236,923	0.15%	355	0	0.000%
Williams Township	160,000	100.00%	160,000	1	0.009%
Zilwaukee Township	-	0.00%	-	-	0.000%
Bay-Arenac Intermediate School District	3,155,000	50.43%	1,591,067	15	0.092%
Delta College	-	0.00%	-	-	0.000%
<b>Total overlapping debt</b>	<u>151,881,774</u>		<u>66,337,223</u>	<u>620</u>	<u>3.839%</u>
<b>Total Direct &amp; Overlapping Debt</b>	<u>\$ 213,219,673</u>		<u>\$ 127,675,122</u>	<u>1,194</u>	<u>7.388%</u>

**NOTE:**

Overlapping debt amounts provided by the Municipal Advisory Council of Michigan.

**SCHOOL DISTRICT OF THE CITY OF BAY CITY**

**RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT  
TO TOTAL GENERAL FUND EXPENDITURES AND USES**

**Last Ten Fiscal Years  
(UNAUDITED)**

FISCAL YEAR	TOTAL EXPENDITURES AND USES				RATIO DEBT SERVICE TO GENERAL FUND EXPENDITURES AND USES
	DEBT SERVICE FUNDS			GENERAL FUND	
	PRINCIPAL	INTEREST	TOTAL		
2012-13	\$ 3,390,067	\$ 3,151,719	\$ 6,541,786	\$ 68,553,136	9.5%
2011-12	\$ 3,085,365	\$ 3,292,199	\$ 6,377,564	\$ 68,079,681	9.4%
2010-11	\$ 3,035,918	\$ 3,463,977	\$ 6,499,895	\$ 71,763,759	9.1%
2009-10	\$ 2,125,400	\$ 3,394,573	\$ 5,519,973	\$ 80,260,014	6.9%
2008-09	\$ 2,461,569	\$ 3,462,330	\$ 5,923,899	\$ 78,013,768	7.6%
2007-08	\$ 2,926,904	\$ 3,528,651	\$ 6,455,555	\$ 77,783,292	8.3%
2006-07	\$ 3,343,575	\$ 3,220,915	\$ 6,564,490	\$ 74,712,601	8.8%
2005-06	\$ 3,438,026	\$ 750,286	\$ 4,188,312	\$ 76,438,988	5.5%
2004-05	\$ 2,677,631	\$ 536,121	\$ 3,213,752	\$ 77,510,234	4.1%
2003-04	\$ 3,031,114	\$ 648,035	\$ 3,679,149	\$ 76,265,229	4.8%