

FINANCIAL INFORMATION FOR THE BOND ELECTION

BALLOT QUESTION

Shall Unified School District No. 342, Jefferson County, Kansas (McLouth), issue general obligation bonds in an amount not to exceed \$3,425,000, to pay the estimated costs to (a) make improvements, renovations, and additions to the existing school building, including a commons area, cafeteria and kitchen addition and equipment, (b) construct and equip a storm shelter addition to the existing elementary school building, (c) repair and replace roof areas of district buildings, (d) replace the track at the existing track and football facility, and (e) make all other appurtenant improvements in the District; all pursuant to the provisions of K.S.A. 10-101 et seq.; K.S.A. 25-2018(f); and K.S.A. 72-6761?

PROJECT FINANCING

If approved by the voters, the project will be financed through the sale of general obligation bonds. It is anticipated that the bonds will be structured with a 20-year repayment schedule at an average interest rate of approximately 3.86%.

STATE AID ON BOND ISSUES

Under the current school finance formula, the State of Kansas will pay 32% of all principal and interest payments due on the District's bond issues. This equates to approximately \$1,622,443 of the principal payments due on the District's bond issues that will be paid by the State of Kansas.

The projected mill levy takes into account the anticipated annual state aid funding of 32% for principal and interest payments. In addition, the level of state aid funding is determined every year based on the District's assessed value per pupil compared to the State wide median.

PROJECTED MILL LEVY IMPACT

The current Bond & Interest Fund Mill Levy of the District is 0.000 mills. With voter approval of the proposed school bond election, the mill levy for debt service is projected to increase 5.550 mills.

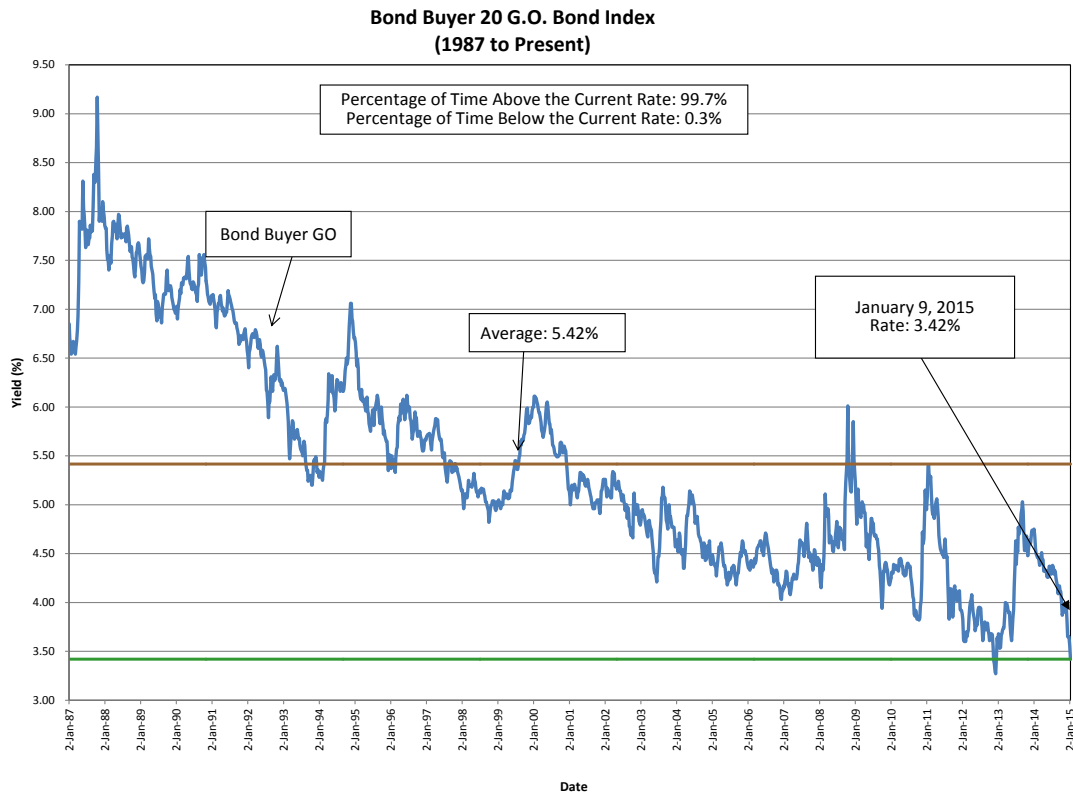
BOND & INTEREST MILL LEVY – SCHOOL DISTRICT COMPARISON

In 2013-2014, the Bond & Interest Fund Mill Levy of the District was 0.00 mills. With voter approval of the proposed project, the District’s Bond & Interest Fund mill levy will increase to 5.550 mills. The following table compares the mill levy for the Bond & Interest Fund for area school districts:

District	2013-14 Total Mill Levy	2013-14 Bond & Interest Mill Levy
USD 343 Jefferson County (Perry Public Schools)	54.410	8.397
USD 340 Jefferson County (Jefferson West)	56.604	6.953
USD 339 Jefferson County (Jefferson County North)	58.956	5.756
USD 338 Jefferson County (Valley Falls)	54.604	5.064
USD 341 Jefferson County (Oskaloosa Public Schools)	49.113	0.000
USD 342 Jefferson County (McLouth)	45.024	0.000

CURRENT INTEREST RATES

Interest rates for municipal bonds are currently well below the average for the past 20 years and very near record lows. In December, 2012, interest rates on municipal bonds set a record low rate for the past 50 years. In fact, according to the *Bond Buyer 20 General Obligation Bond Index*, interest rates on municipal bonds have been higher 99.7% of the time since 1987.



 **ADDITIONAL COST OF THE BOND ISSUE**

The additional cost to a homeowner, business owner and agricultural land owner in the District from this bond issue assuming a mill levy increase of 5.550 mills is set forth in the following tables:

RESIDENTIAL PROPERTY

	\$50,000 HOME	\$75,000 HOME	\$100,000 HOME
Annual Cost of Mill Levy Increase	\$31.91	\$47.87	\$63.83
Monthly Cost of Mill Levy Increase	2.66	3.99	5.32
Daily Cost of Mill Levy Increase	0.09	0.13	0.17

*2010 Census: Median Home value in Jefferson County is \$131,700.

COMMERCIAL PROPERTY

	\$50,000 BUSINESS	\$75,000 BUSINESS	\$100,000 BUSINESS
Annual Cost of Mill Levy Increase	\$69.38	\$104.06	\$138.75
Monthly Cost of Mill Levy Increase	5.78	8.67	11.56
Daily Cost of Mill Levy Increase	0.19	0.29	0.38

AGRICULTURAL PROPERTY

	ANNUAL COST PER ACRE	ANNUAL PROPERTY TAX (160 ACRES)	MONTHLY PROPERTY TAX (160 ACRES)
Dry Crop Land	\$0.45	\$71.93	\$5.99
Grass Land	0.11	18.38	1.53

*Estimated Median Use Value of 160 Acres Dry Crop Land is \$43,200

*Estimated Median Use Value of 160 Acres Grass Land is \$11,040