

Bellingham School District
BOND AND LEVY DEFINITIONS AND PROCEDURES

Term	Defined	Procedures
<p>1. Bond Issue</p> <ul style="list-style-type: none"> • Bond Levy 	<p>1. A special tax upon property voted by the people to provide a specific dollar amount used to pay principal and interest payments on bonds. Because the principal and interest associated with the bonds is usually too large to repay in one year, a bond issue is usually based on a “pay back” period of 10 years or more.</p>	<p>1.1 A school district board of directors passes an election resolution (often upon a citizens’ committee recommendation) which must be sent to the county auditor at least 45 days prior to the election. <u>December 28 for February 12; March 8 for April 23</u></p> <p>1.2 After a bond issue is approved by the voters, the school district arranges for the sale of the bonds to investors. The school district then receives the money from the bond sale and places it in the school district’s <u>Capital Projects Fund</u>. These funds are called Bond proceeds.</p> <p>1.3 The Bond proceeds are then used to pay contractors, suppliers, architects, etc., to complete the building projects.</p> <p>1.4 Each year, for the length of the bond “pay back period”, e.g. 15 years, the county treasurer assesses a tax on property to collect a specific dollar amount which the school district places in the <u>Debt Service Fund</u>. These funds pay the principal and interest to the bond holders.</p>
<p>2. Levy</p> <ul style="list-style-type: none"> • Maintenance & Operations Levy 	<p>2. A special tax on property voted by the people to provide a specific dollar amount for maintenance and operating funds for a school district. These funds are in addition to funds provided by the state and federal governments</p> <p>A maintenance and operations levy can raise funds for no more than four years. Thus, levies expire every four years and a vote of the people is necessary to provide ongoing funds.</p> <p>NOTE: Voters approve a specific levy dollar amount, not a tax rate (see #4). So, although the assessed valuation of a school district might increase during the four-year levy period, the levy amount does not increase. School districts do <u>not</u> receive more money when assessed valuation increases. Rather, the tax rate is reduced in order to collect the same levy amount.</p>	<p>2.1 A school district board of directors passes an election resolution (often upon a citizens’ committee recommendation) which must be sent to the county auditor at least 45 days prior to the election.</p> <p>2.2 Tax monies received from Maintenance & Operations levies are placed in the school district’s <u>General Fund</u> and used for annual maintenance and operating expenses.</p>

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<p>3. Assessed Value (AV)</p>	<p>3. The total value of real property (land and buildings) in the entire school district as determined by the county assessor.</p> <p>The higher the assessed valuation, the lower the tax rate needed to collect a specific levy amount.</p> <p>Lynden School District is an example of a local district that has to pay higher tax <u>rates</u> than Bellingham in order to raise the same amount of money</p>	
<p>4. Tax Rate (Levy Rate) (Bond Rate)</p>	<p>4. The amount of tax collected per unit of assessed property value; usually stated in dollars collected per one thousand dollars of assessed value. Example: \$4.00 per \$1,000 of assessed value.</p>	