



Bellingham
Public Schools

...where *every* student learns

April 2017

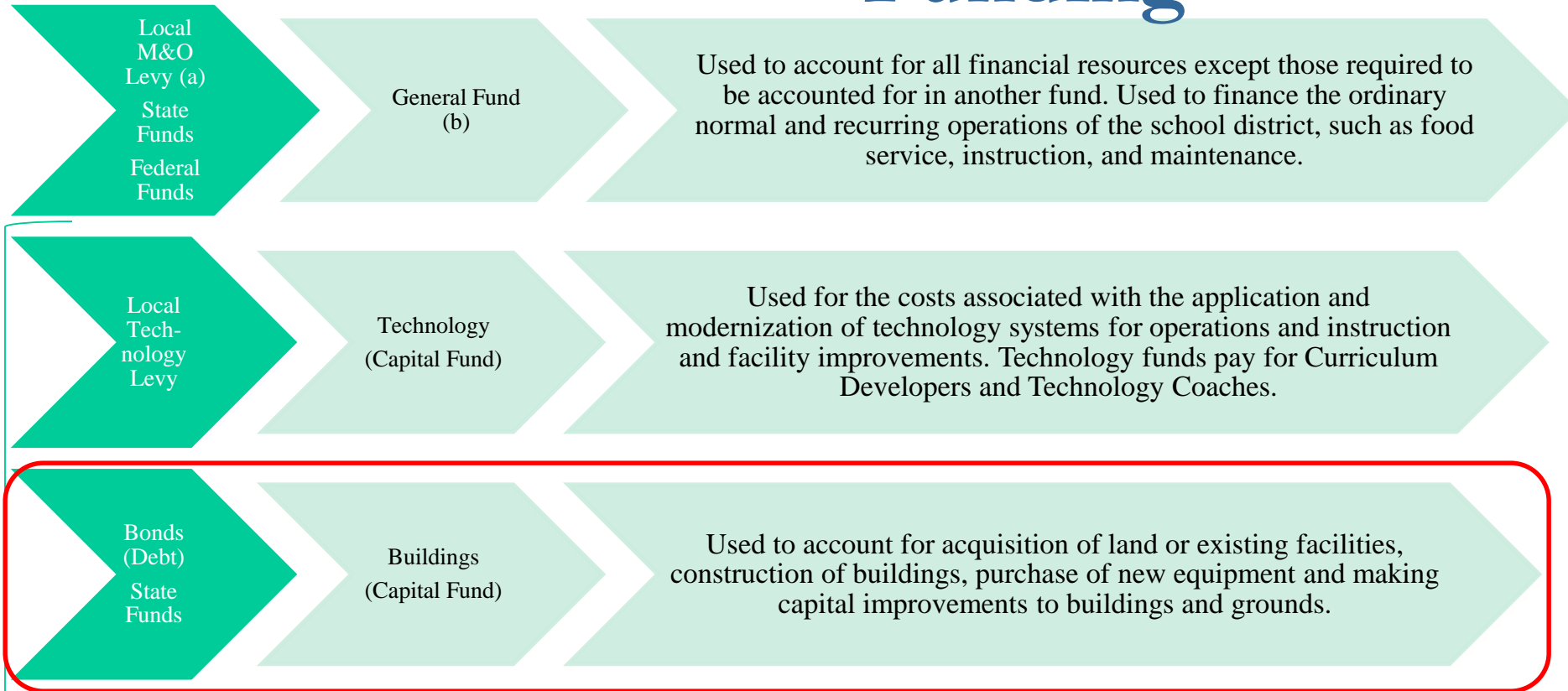
**Facilities Planning Task Force
Finance 101: Capital v's. General
Fund**



School Finance Overview

- **District Budget Comprised of 5 Independent Self-Balancing Funds**
 - **General Fund**- Day to Day Operations of the School District
 - **Capital Projects Fund** - Construction and Renovation of Facilities and Implementation of Technology
 - **Debt Service Fund** – Repay Debt: Principal and Interest Payments on Borrowed Money
 - Associated Student Body Fund - Student Activities/Clubs/Athletics
 - Transportation Vehicle Fund - Purchase of School Buses

Sources and Uses of Funding

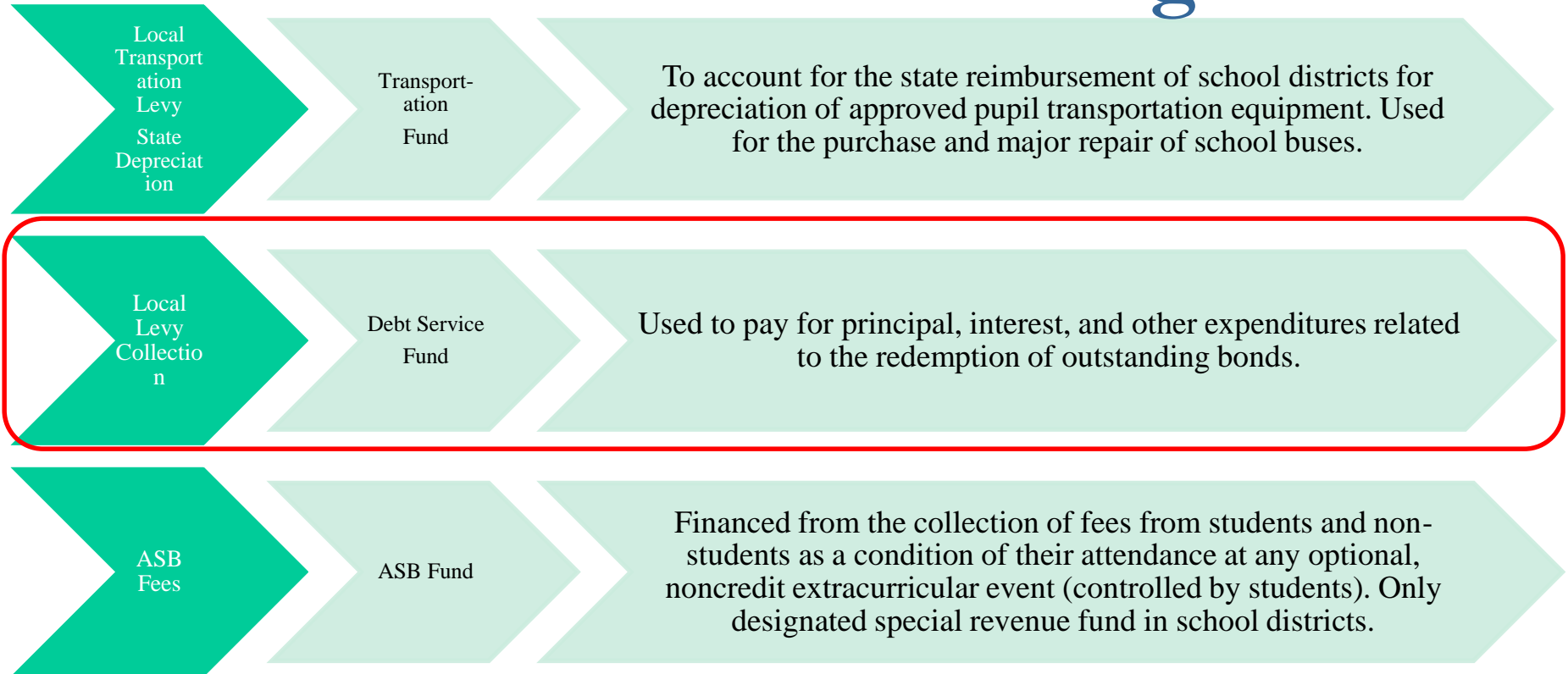


Notes:

- (a) The amount school districts may collect through the M&O levy is capped under state law.
- (b) School districts receive General Fund revenue for students from other districts.



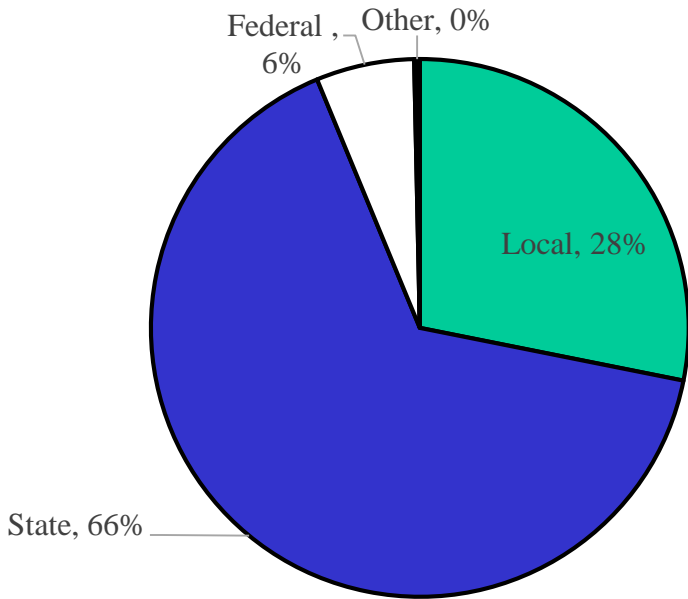
Sources and Uses of Funding





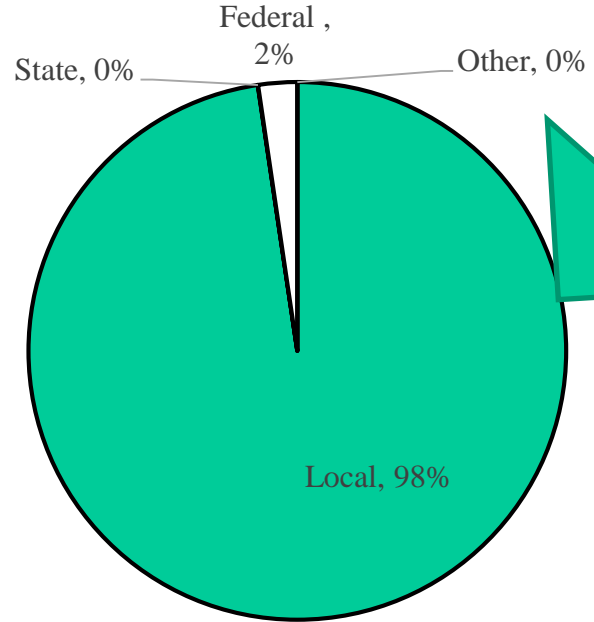
Sources of Funding – General Fund, Debt Repayment

General Fund



■ Local ■ State ■ Federal ■ Other

Debt Service Fund



■ Local ■ State ■ Federal ■ Other

CAPITAL FUND - Use of bond funds

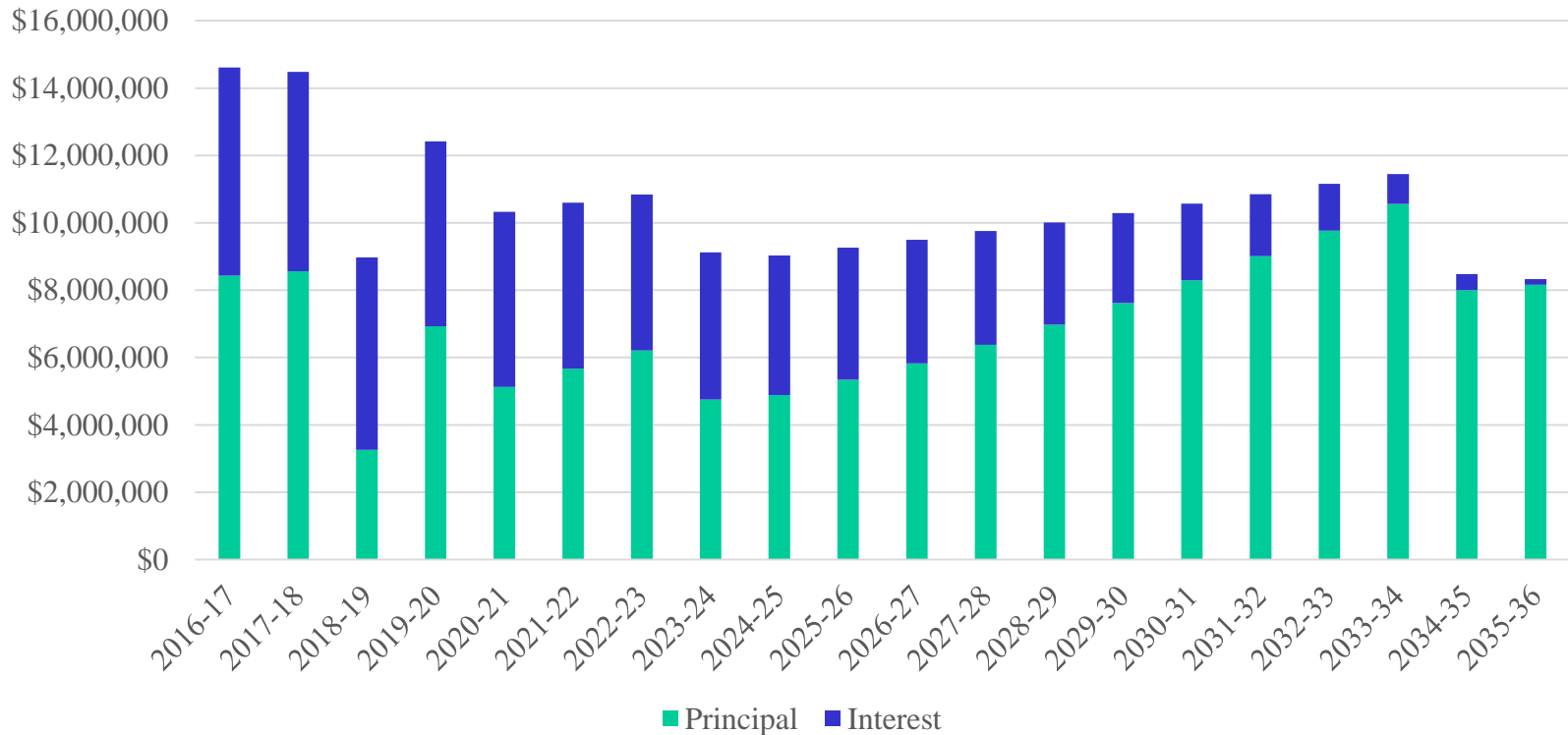
Local Funding

Type of Measure	Description	Last Approved	Method of Approval	Term
Bond	Authorizes issuance of a specified amount of long-term debt and the collection of a levy each year, or as needed, to pay for the cost of repayment.	2013	60% majority	Life of debt
Maintenance and Operations	Authorizes collection of a specific annual levy amount each year for district's day to day operations.	2016	Simple majority	4 years
Technology (Capital)	Authorizes collection of a specific annual levy amount each year for technology.	2016	Simple majority	4 years



Existing Debt, Issued Bonds

Debt, As of August 31, 2016



Traditionally, bonds are issued with a 20 year repayment schedule.

Repaying Bonds: Debt Service Levy

• Factors Influencing Debt Service

- Issue Amount - the total dollar amount of the bonds sold; the amount you borrow; – generally, as this increases so does the tax rate
- Timing of Issue – the timeline for the issue affects the repayment schedule especially as considered with other outstanding debt at the time of issuance
- Bond Repayment Structure – this is similar to an amortization schedule of a home loan where the number of years you borrow has an impact on how much your annual payment totals; generally, the tax rate increases as repayment decrease
- Annual Principal and Interest Payments – this is determined from the Bond Repayment Structure; - as the total annual principal and interest payments increase so does the tax rate
- Bond Interest Rate – this effects the annual payment - as interest rate increases so does the tax rate
- Existing Outstanding Debt Structure – if there is existing outstanding debt the total new bond tax rate will be influenced by all of the above factors (except AV) that were in place at the time when the existing outstanding debt was issued



Repaying Bonds: Debt Service Levy

- **Factors Influencing Debt Service Levy Rate (paid by local taxpayers)**

$$\text{Debt Service Levy} = \frac{(\text{Principal} + \text{Interest}) / \text{Assessed Value}}{1000}$$

- Assessed Value (AV) – as AV increases in the district the tax rate decreases; AV is the collective value of all tax paying property in the district
- Debt Service – this is the amount of principal and interest due in any year



Repaying Bonds: Impact of Assessed Value

Tax Year	Bellingham		Ferndale	
	Assessed Value	Change from prior year	Assessed Value	Change from prior year
2017	\$12,768,765,795	5.71%	\$3,968,712,634	3.59%
2016	\$12,078,767,086	4.57%	\$3,831,017,745	4.80%
2015	\$11,551,200,251	3.50%	\$3,655,378,908	2.61%
2014	\$11,160,536,164	1.76%	\$3,562,483,523	(0.04%)
2013	\$10,967,332,211	(0.02%)	\$3,563,766,490	(0.07%)

In Bellingham tax rate for repaying debt of \$14 million....

In 2013: \$1.27/ \$1,000 value of property

In 2017: \$1.10/ \$1,000 value of property

In Ferndale in 2017 the tax rate would be \$3.52/ \$1,000 value of property

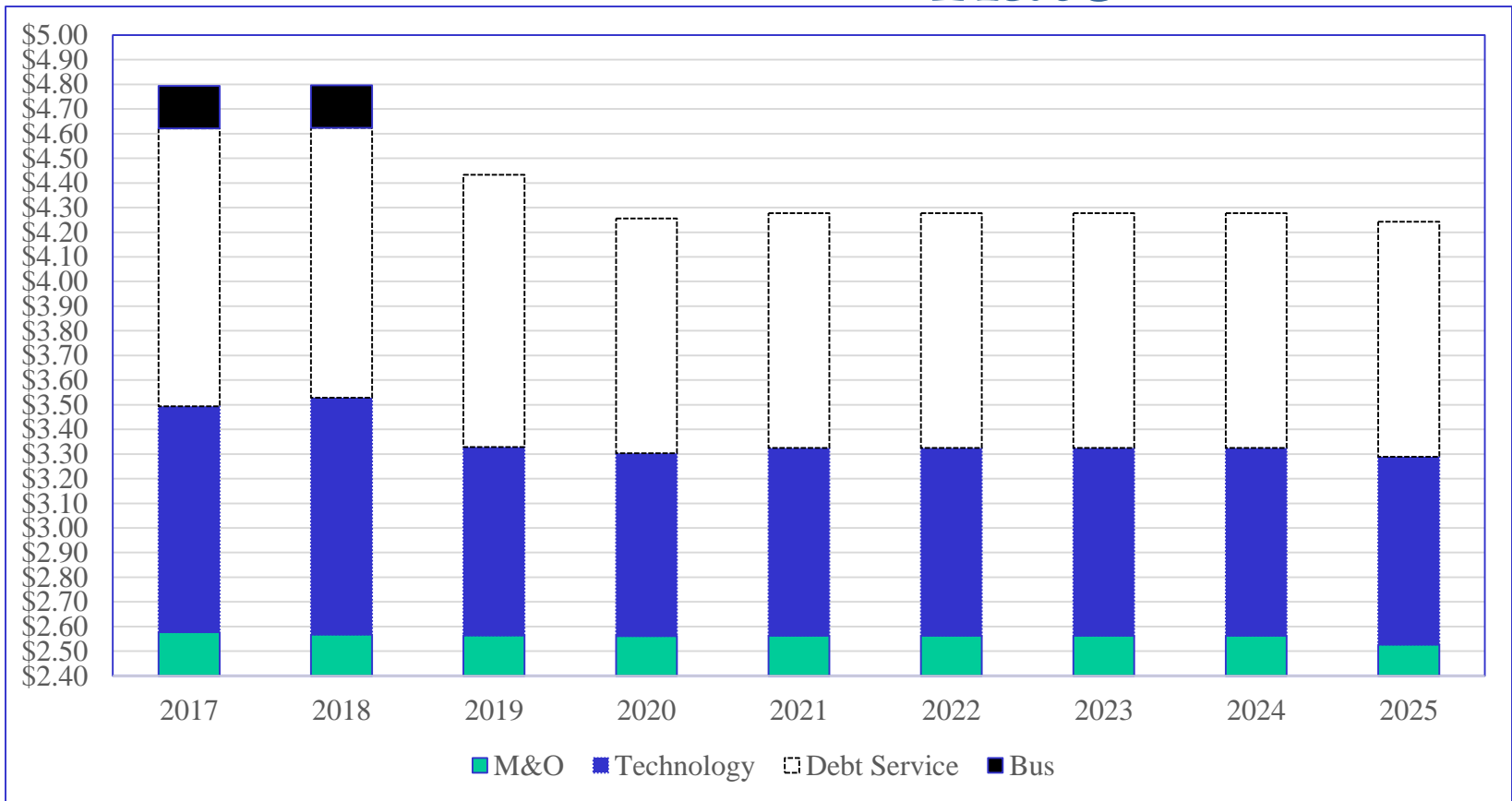


Comparative Tax Rates (all levies)

District	2017	2016	2015	2014
Nooksak Valley	\$ 6.19	\$ 6.22	\$ 4.96	\$ 4.83
Meridian	\$ 4.81	\$ 4.93	\$ 5.06	\$ 5.11
Bellingham	\$ 4.81	\$ 4.40	\$ 4.48	\$ 4.49
Sedro Woolley	\$ 4.65	\$ 4.84	\$ 5.08	\$ 4.54
Ferndale	\$ 4.51	\$ 4.53	\$ 4.61	\$ 4.72
Mount Baker	\$ 4.29	\$ 4.44	\$ 4.57	\$ 4.39
Lynden	\$ 3.93	\$ 4.06	\$ 2.90	\$ 2.95
Concrete	\$ 3.18	\$ 2.72	\$ 2.87	\$ 3.24
Blaine	\$ 2.50	\$ 2.93	\$ 2.93	\$ 2.86



Existing and Projected Total Tax Rate



Note: Bus, M&O, and Technology levies are only approved through 2020, as applicable. M&O is currently up in the air, pending state legislative action. The debt service levy is based on currently issued and expected issuance of remaining bonds of \$70 million under the 2013 authorization. The AV is projected to grow at 3% annually.



- **Questions?**