



# La Center School District

Kids • Learning • Excellence

## Capital Facilities Funding

November 1, 2017

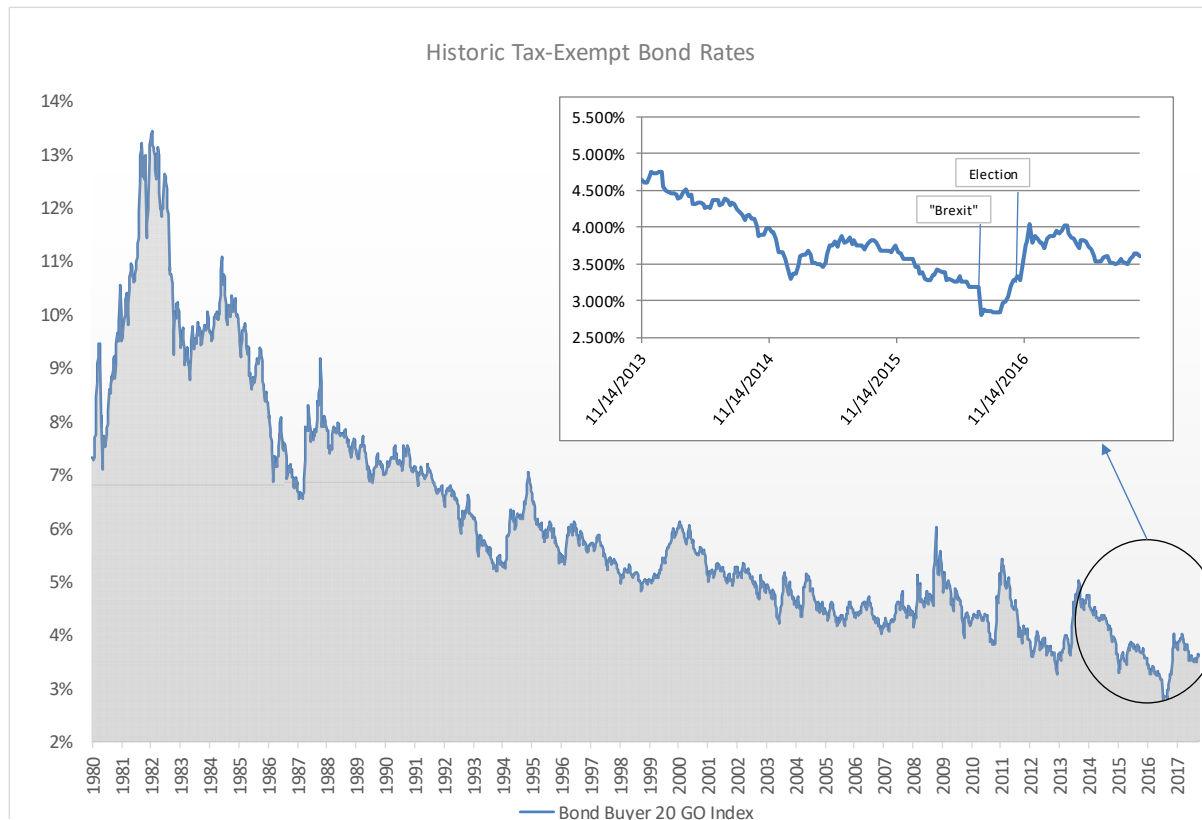
Provided by:  
**Financial Advisory Services**  
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 A program of Educational Service District 112  
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# Bond Market Update



- Interest rates remain near historic lows
- Federal Reserve interest rate actions impact the short-term borrowing rates, while the long-term rates are driven more by global demand for U.S. Treasury securities, and those rates are also relatively low.
- This remains to be a good time to finance long-term school facilities on behalf of District taxpayers.



# Key Inputs



- Bond Election Date – Spring 2018
- Operating levy is reduced to \$1.50 / \$1,000 in 2019
- Assessed value increases at:
  - 2018: 9.18% (Preliminary Value)
  - 2019: 4.00%
  - 2020 and later: 3.00%
- New bond authorization amount:
  - \$48,093,000
- Bonds are sold in one series to meet construction cash flow
- Interest rates
  - 2018 Issue Current rates +.75%
- 21 year maximum bond term

# Summary of Analysis



Election Date	Spring 2018
Bond Authorization Amount	<b>\$ 48,093,000</b>
Bond Sale Date / Amount	
6/1/2018	\$ 48,093,000
Maximum Bond Term	21 years
Projected 2018 Total Tax Rate	\$ 3.87
Projected 2019 Total Tax Rate	\$ 4.64
Projected Change in Total Tax Rate	<b>\$ 0.77</b>
Example Home Value	<b>\$300,000</b>
Projected Cost Per Year	<b>\$231.00</b>
Projected Cost Per Month	<b>\$19.25</b>

# Bond Debt Capacity



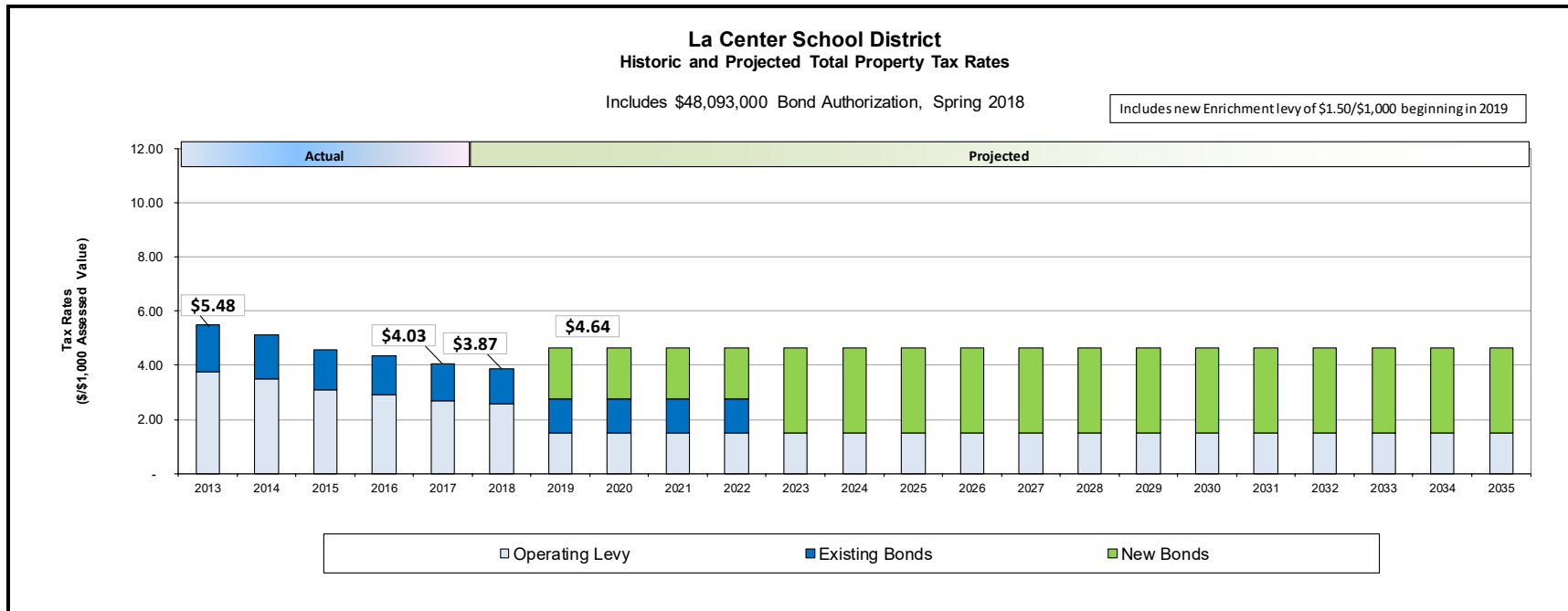
Calculation Factors	2017	2018
Change in Assessed Value	13.75%	9.18%
Bond Assessed Value	\$1,000,503,573	\$1,092,384,293
Statutory Capacity Rate	5.000%	5.000%
Total Statutory Capacity	\$50,025,179	\$54,619,215
Less: Outstanding Voted Debt	(7,590,000)	(6,555,000)
Less: Outstanding Non-Voted Debt	\$0	\$0
Plus: Debt Service Fund Balance	\$0	\$0
Remaining Capacity	\$42,435,179	\$48,064,215

## Projected Debt Capacity

(\$ in 1,000's)

Date	Assessed Valuation	Change in A.V.	Debt Capacity (5% of A.V.)	Outstanding debt			Available Capacity		
				Prior Debt	2018 Bonds	Total Debt	Amount	Percent	
1/1/2017	\$ 1,000,504	13.75%	\$ 50,025	\$ 7,590	\$ -	\$ 7,590	2017	\$ 42,435	84.83%
1/1/2018	1,092,384	9.18%	54,619	6,555	44,735	51,290	2018	3,329	6.10%
1/1/2019	1,136,080	4.00%	56,804	5,435	44,735	50,170	2019	6,634	11.68%
1/1/2020	1,170,162	3.00%	58,508	4,225	44,735	48,960	2020	9,548	16.32%
1/1/2021	1,205,267	3.00%	60,263	2,920	44,725	47,645	2021	12,618	20.94%
1/1/2022	1,241,425	3.00%	62,071	1,515	44,650	46,165	2022	15,906	25.63%
1/1/2023	1,278,668	3.00%	63,933	-	44,505	44,505	2023	19,428	30.39%

# Actual and Projected Tax Rates



# Projected Tax Rates



Projected Tax Rates						
Calendar Year	Bond Tax Rates			Total Bonds	Operating Levy	Total Tax Rate
	AV Growth Rate	Existing Bonds	New Bonds			
2013	-5.11%	1.72	-	1.72	3.76	5.48
2014	7.53%	1.64	-	1.64	3.49	5.13
2015	13.21%	1.49	-	1.49	3.09	4.58
2016	6.24%	1.46	-	1.46	2.91	4.37
2017	13.75%	1.35	-	1.35	2.68	4.03
2018	9.18%	1.29	-	1.29	2.58	3.87
2019	4.00%	1.27	1.87	3.14	1.50	4.64
2020	3.00%	1.27	1.86	3.14	1.50	4.64
2021	3.00%	1.27	1.86	3.14	1.50	4.64
2022	3.00%	1.28	1.86	3.14	1.50	4.64
2023	3.00%	-	3.14	3.14	1.50	4.64
2024	3.00%	-	3.14	3.14	1.50	4.64
2025	3.00%	-	3.14	3.14	1.50	4.64
2026	3.00%	-	3.14	3.14	1.50	4.64
2027	3.00%	-	3.14	3.14	1.50	4.64
2028	3.00%	-	3.14	3.14	1.50	4.64
2029	3.00%	-	3.14	3.14	1.50	4.64
2030	3.00%	-	3.14	3.14	1.50	4.64
2031	3.00%	-	3.14	3.14	1.50	4.64
2032	3.00%	-	3.14	3.14	1.50	4.64
2033	3.00%	-	3.14	3.14	1.50	4.64
2034	3.00%	-	3.14	3.14	1.50	4.64
2035	3.00%	-	3.14	3.14	1.50	4.64

Bond Sales	
Sale Date	Amount
6/1/2018	\$48,093,000
Total	<b>\$48,093,000</b>

Tax Change	
2018 Home Value	<b>\$300,000</b>
2018-2019 Change in Total Tax Rate'	<b>\$0.77</b>
2019 Change in Total Tax	<b>\$231.00</b>

# Detailed Tax Levies and Rates



New Bonds Issued				
Date	Amount	Rate Cushion	Price	Net Interest Cost
6/1/2018	\$ 48,093,000	+ .75%	110%	4.13%
	<u>\$ 48,093,000</u>			

Taxpayer Cost	
Average Home Value	\$300,000
Estimated cost per Year	\$231.00
Cost per Month	\$19.25
Net Monthly After Tax Cost	\$13.86
(After Federal Tax Deduction at 28% tax rate)	

Assessed Value		
Year	Bond Assessed Value	Growth Rate
2009	\$980,112	-4.31%
2010	808,132	-17.55%
2011	743,867	-7.95%
2012	716,749	-3.65%
2013	680,108	-5.11%
2014	731,333	7.53%
2015	827,949	13.21%
2016	879,588	6.24%
2017	1,000,504	13.75%
2018	1,092,384	9.18%
2019	1,136,080	4.00%
2020	1,170,162	3.00%
2021	1,205,267	3.00%
2022	1,241,425	3.00%
2023	1,278,668	3.00%
2024	1,317,028	3.00%
2025	1,356,539	3.00%
2026	1,397,235	3.00%
2027	1,439,152	3.00%
2028	1,482,326	3.00%
2029	1,526,796	3.00%
2030	1,572,600	3.00%
2031	1,619,778	3.00%
2032	1,668,371	3.00%
2033	1,718,422	3.00%
2034	1,769,975	3.00%
2035	1,823,074	3.00%
2036	1,877,767	3.00%
	<b>Actual</b>	
	<b>Projected</b>	

Property Tax Levies (\$1,000's)				
Debt Service		Levy Amounts		Total District Levy
Existing Bonds	2018 Bonds	Total Bonds	Operating Levy	
\$1,130	\$ -	\$ 1,130	\$ 2,100	\$ 3,230
1,160	-	1,160	2,205	3,365
1,109	-	1,109	2,315	3,424
1,100	-	1,100	2,431	3,531
1,170	-	1,170	2,553	3,723
1,200	-	1,200	2,552	3,752
1,230	-	1,230	2,552	3,782
1,280	-	1,280	2,552	3,832
1,355	-	1,355	2,679	4,034
1,407	-	1,407	2,814	4,220
1,442	2,125	3,567	1,700	5,267
1,489	2,182	3,671	1,751	5,422
1,536	2,247	3,783	1,804	5,587
1,583	2,315	3,898	1,858	5,755
-	4,014	4,014	1,913	5,927
-	4,135	4,135	1,971	6,106
-	4,258	4,258	2,030	6,288
-	4,383	4,383	2,091	6,474
-	4,515	4,515	2,154	6,668
-	4,654	4,654	2,218	6,872
-	4,794	4,794	2,285	7,079
-	4,935	4,935	2,353	7,288
-	5,085	5,085	2,424	7,509
-	5,234	5,234	2,497	7,731
-	5,396	5,396	2,571	7,967
-	5,554	5,554	2,649	8,203
-	5,723	5,723	2,728	8,451
-	-	-	2,810	2,810
	<b>Requires Capitalized Interest of \$1,121</b>		<b>Authorized</b>	

Tax Rates					
Year	Bond Tax Rates				Total Tax Rates
	Existing Bonds	New Bonds	Total Bonds	Operating Levy	
2009	\$ 1.15	\$ -	\$ 1.15	\$ 2.14	\$ 3.29
2010	1.44	-	1.44	2.73	4.17
2011	1.49	-	1.49	3.12	4.61
2012	1.53	-	1.53	3.40	4.93
2013	1.72	-	1.72	3.76	5.48
2014	1.64	-	1.64	3.49	5.13
2015	1.49	-	1.49	3.09	4.58
2016	1.46	-	1.46	2.91	4.37
2017	1.35	-	1.35	2.68	4.03
2018	1.29	-	1.29	2.58	3.87
2019	1.27	1.87	3.14	1.50	4.64
2020	1.27	1.86	3.14	1.50	4.64
2021	1.27	1.86	3.14	1.50	4.64
2022	1.28	1.86	3.14	1.50	4.64
2023	-	3.14	3.14	1.50	4.64
2024	-	3.14	3.14	1.50	4.64
2025	-	3.14	3.14	1.50	4.64
2026	-	3.14	3.14	1.50	4.64
2027	-	3.14	3.14	1.50	4.64
2028	-	3.14	3.14	1.50	4.64
2029	-	3.14	3.14	1.50	4.64
2030	-	3.14	3.14	1.50	4.64
2031	-	3.14	3.14	1.50	4.64
2032	-	3.14	3.14	1.50	4.64
2033	-	3.14	3.14	1.50	4.64
2034	-	3.14	3.14	1.50	4.64
2035	-	3.14	3.14	1.50	4.64
2036	-	-	-	1.50	1.50



# Taxpayer Impact Analysis



## La Center School District

### TAXPAYER COST ANALYSIS

Local Bond Funding:

**\$ 48,093,000**

Projected Increase in Tax Rate  
(per \$1,000 assessed value):

**0.77**

Property Value	Gross Property Tax Increase for Bonds	Monthly Gross Increase	Monthly Net Tax Increase from Bonds After Allowing for Income Tax Deduction			
			Federal Income Tax Bracket			
			25%	28%	33%	39.6%
\$150,000	\$115.50	\$9.63	\$7.22	\$6.93	\$6.45	\$5.81
200,000	154.00	12.83	9.63	9.24	8.60	7.75
250,000	192.50	16.04	12.03	11.55	10.75	9.69
300,000	231.00	19.25	14.44	13.86	12.90	11.63
350,000	269.50	22.46	16.84	16.17	15.05	13.56
400,000	308.00	25.67	19.25	18.48	17.20	15.50

**NOTE:** Qualified lower-income senior homeowners may apply for a senior exemption. Please contact the County Assessor for more details.



# Next Steps

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- ✓ Finalize project list and scope
- ✓ Refine project costs
- ✓ Evaluate construction cash flow
- ✓ Determine bond sale dates and amounts
- ✓ Refine project funding options and taxpayer costs
- Community outreach
- Work with Bond Counsel to draft Election Resolution
- File the Election Resolution with the County by December 15, 2017 for a February 2018 election

# Contact Information

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