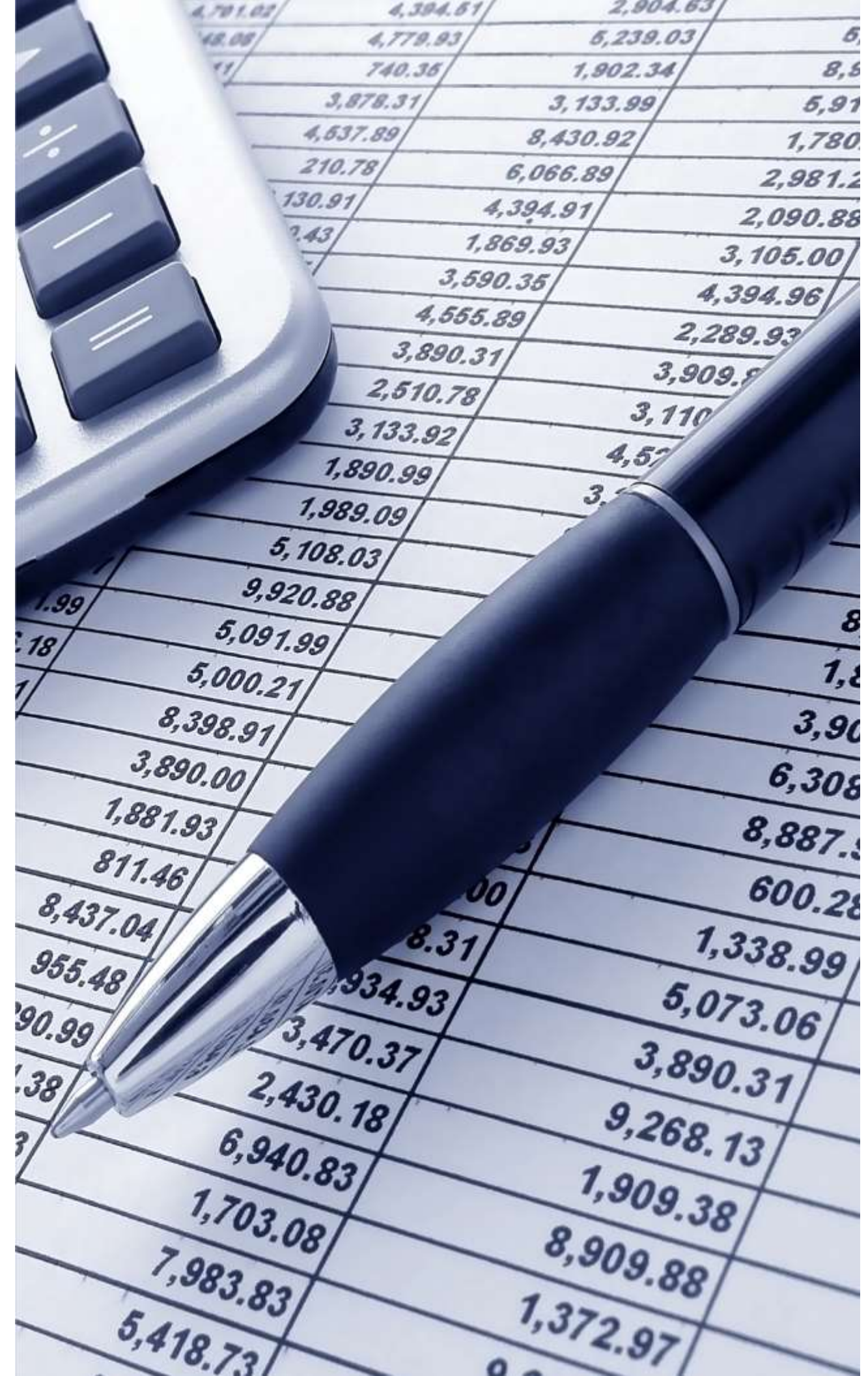


# OPERATING BUDGET

- GENERAL FUND (DAY TO DAY OPERATIONS)
- PAYS WAGES, UTILITIES, SUPPLIES, SERVICES

HOW PUBLIC SCHOOLS ARE FUNDED







- FUNDING DETERMINED BY THE STATE, LOCAL TAX BASE IS IRRELEVANT, UNLESS A HOLD HARMLESS DISTRICT
- OPERATIONAL DOLLARS ARE NOT MEANT TO BE USED FOR MAJOR CAPITAL ITEMS, ALTHOUGH SLCS DOES SET ASIDE DOLLARS FOR SMALLER PROJECTS (\$1,000 - \$25,000)

- PRIMARILY FUNDED THROUGH STATE BUDGET ON A PER-PUPIL BASIS
- STATE DEDUCTS LOCAL LEVY OF 18 MILLS FOR NON-HOMESTEAD TAXES
- FUNDING COMES FROM 6 MILL STATE EDUCATION TAX AND PORTIONS OF SALES, INCOME AND OTHER STATEWIDE DOLLARS

HOW PUBLIC SCHOOLS ARE FUNDED



## NEW CONSTRUCTION/CAPITAL

- FUNDED PRIMARILY WITH A VOTER-APPROVED BOND
- VOTERS APPROVE A DOLLAR AMOUNT, NOT MILLAGE AMOUNT
- IF APPROVED, DISTRICTS SELL BONDS ON THE MUNICIPAL BOND MARKET AND GET PROCEEDS
- PROCEEDS CANNOT BE USED TO PAY DISTRICT SALARIES OF ANY KIND

HOW PUBLIC SCHOOLS ARE FUNDED



## DEBT RETIREMENT/MILLAGE

- BY LAW, DISTRICTS MUST LEVY NECESSARY DEBT MILLAGE EACH YEAR TO MAKE PRINCIPAL AND INTEREST PAYMENTS ON THE BONDS
- MOST BOND ISSUES HAVE A MATURING SCHEDULE BETWEEN 20 – 30 YEARS (SIMILAR TO HOME MORTGAGES)
- HOWEVER, DEBT ASSOCIATED WITH SHORT LIFE ASSETS, SUCH AS COMPUTERS, MUST BE PAID OFF WITHIN 5 YEARS OF PURCHASE
- UNLIKE OPERATIONAL DOLLARS, BOND ISSUES AND THE RELATED DEBT MILLAGE IS TIED DIRECTLY TO THE LOCAL TAX BASE



## DEBT RETIREMENT/MILLAGE

- TAX BASE STRENGTH AND MAKE UP HAS DIRECT CORRELATION TO DEBT MILLAGE LEVEL
  - EXAMPLE: A COMMUNITY WITH DOUBLE THE TAXABLE VALUE FOR SAME STUDENT POPULATION WILL HAVE HALF THE DEBT MILLAGE
  - COMMUNITIES WITH HIGH RESIDENTIAL MAKE UP GENERALLY HAVE HIGHER DEBT MILLAGES, SINCE COMMERCIAL AND INDUSTRIAL PROPERTY GENERATE NO STUDENTS



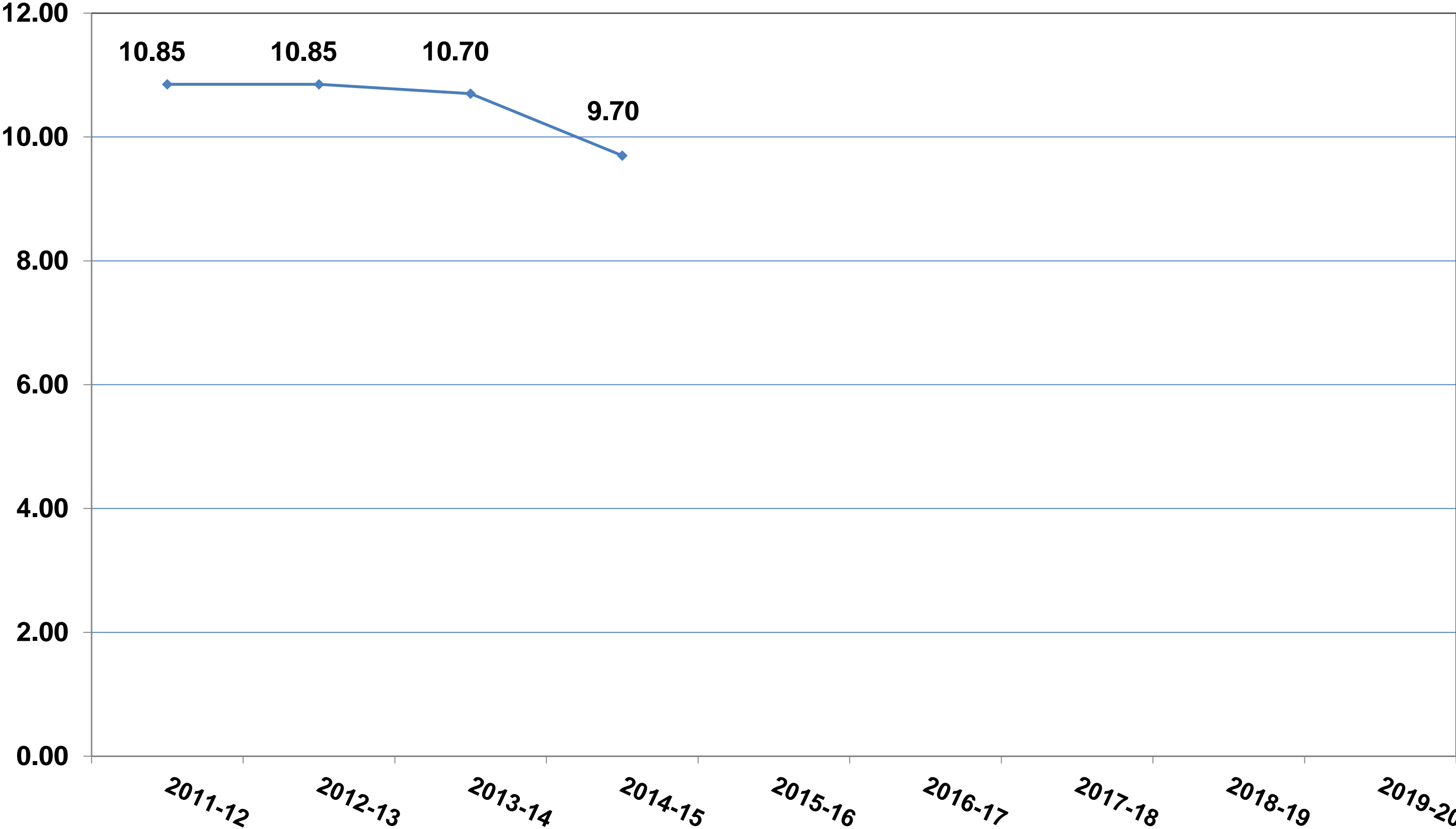


# THERE'S NO FREE LUNCH, SO . . .

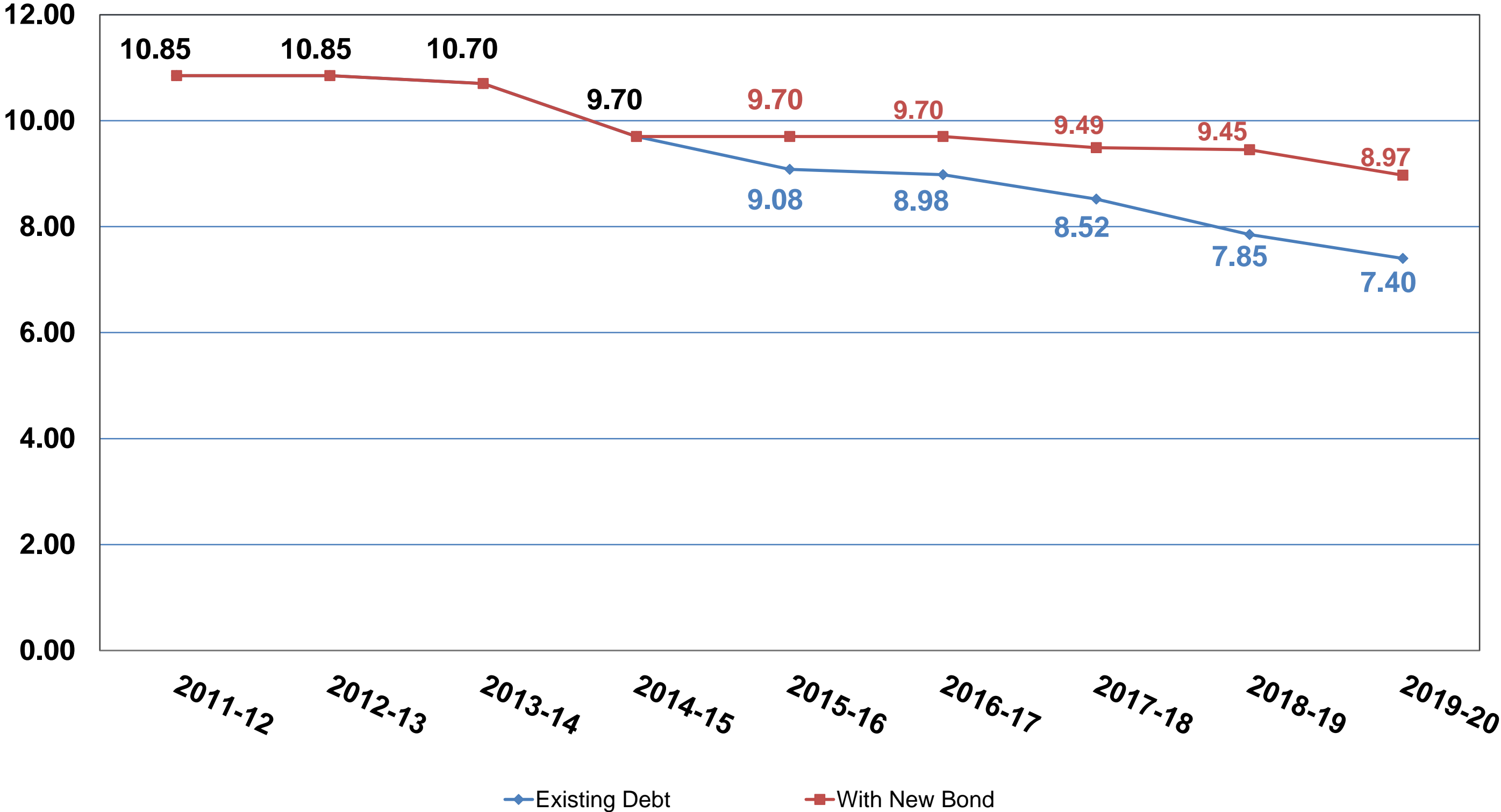


HOW CAN THE DISTRICT KEEP THE CURRENT DEBT MILLAGE LEVEL WITH THE PASSAGE OF A POTENTIAL BOND ISSUE?

# RECENT DEBT MILLAGE RATES



# ESTIMATED DEBT MILLAGE RATES\*



\*Based on future taxable value growth for next 5 years of 4.5%, 4.5%, 4.5%, 4.0%, and 4.0%, (was 5.6% in 2014/15) and bond interest rates of 4.5% - 5.0%



## DEBT MILLAGE

- CURRENT DEBT MILLAGE OF 9.70 WILL BE REDUCED IF THERE ARE NO ADDITIONAL BOND ISSUES
- THE BOND PAYMENT SCHEDULE WILL BE STRUCTURED SO THE MILLAGE WOULD REMAIN AT 9.70 FOR A FEW YEARS BEFORE DROPPING
- ASSUMING TAXABLE VALUE GROWTH OF 4.5% IN THE NEXT FEW YEARS (TAXABLE VALUE INCREASED BY 5.6% LAST YEAR ALONE)
- AT A BOND AMOUNT OF \$64,400,000, WE ARE CONFIDENT THAT WE CAN STRUCTURE THE BOND PAYMENTS TO **STAY WITHIN THE CURRENT 9.70 DEBT MILLAGE RATE**

