Capital Bond/Levy

The following capital bond/levy regulations provide the general framework for planning and reviewing debt proposals.

Regulations

A. Tacoma School District No. 10 shall seek to maintain or improve its underlying bond rating so that borrowing costs are minimized and the district’s access to credit is preserved.

B. Each bond/levy proposal will be accompanied by an analysis provided by the proposing department and the Finance Department showing how it conforms to the legal debt limits. The Finance and Audit Committee will review and comment on each capital bond/levy issue proposal, especially in regard to conformance with existing debt and financial policies, and shall also review and comment on the specific aspects of the proposed financing package and the impact on the district’s credit worthiness.

C. The district may use short-term borrowing to finance operating needs in anticipation of a definite fixed source of revenue such as tax collections or authorized, but unsold, bond issues.

D. Bond proceeds should be limited to financing the costs of planning, design, land acquisition, buildings, permanent structures, attached fixtures or equipment, technology upgrades, instructional materials and movable pieces of equipment as allowed by state law. Refunding bond issues to realize acceptable net present value savings to the taxpayer or to restructure current outstanding debt is an acceptable use of bond proceeds.

E. Whenever the district is contemplating a possible capital bond/levy issue, the Finance Department shall develop information which should include, but shall not be limited to, three categories commonly used by rating agencies to assess credit worthiness. This information will be presented to the Finance and Audit Committee and the board of directors for review.

The categories are:

1. Debt Analysis
   a. Debt capacity analysis
   b. Purposes for which debt is issued
   c. Debt structure
   d. Debt ratios as compared to other school districts
   e. Debt history and trends

2. Financial Analysis
   a. Stability, diversity and growth rates of tax sources
   b. Trend in assessed valuation and collections
   c. Current budget trends
d. Evidences of capital improvement financial planning  
e. History and long-term trends of revenues and expenditures  
f. Adherence to generally accepted accounting principles  
g. Audit results  
h. Liquidity of portfolio and other current assets  
i. Fund balance status and trends  
j. Financial monitoring systems and capabilities  

3. Economic Analysis  
a. Geographic and location advantages  
b. Population and demographic characteristics  
c. Wealth indicators  
d. Housing characteristics  
e. Level of new construction  
f. Types of employment, industry and occupation  

Debt Planning  
A. Unlimited tax general obligation bond borrowing must be planned and the details  
of the plan must be incorporated in the Capital Improvement Plan (CIP) program. It  
is imperative that the district demonstrates to the rating agencies, investment  
bankers, its creditors, and its taxpayers that the district is following a prescribed  
financial plan.  
B. Unlimited tax general obligation bond/levy issues should be reviewed in  
conjunction with the CIP program prior to any election at which the voters are  
asked to approve the bond/levy. The first inclusion should include a general  
description of the proposed projects, their timing and associated costs. Subsequent  
inclusions should be more specific.  
C. Unlimited tax general obligation bond/levy issues should be submitted to the  
board of directors in sufficient time prior to the election at which voter approval  
will be requested to allow adequate time for the board, the community and the  
voters to make an informed decision.  

Communication and Disclosure  
A. Bonds shall not be issued for a longer maturity schedule than a conservative  
estimate of the useful life of the asset to be financed.  
B. The district will maintain regular communications with bond rating agencies to  
inform them about the district’s financial condition, and will adhere to generally  
accepted accounting principles of full disclosure. Financial reports affecting or  
commenting on the district will be forwarded to the rating agencies.  
C. The district should attempt to develop coordinated communication processes with  
all other jurisdictions with which we share a common property tax base  
concerning our collective plans for future debt and levy collection issues.
Reciprocally shared information on debt and tax levy plans, including amounts, purposes, timing and types of debt will aid each jurisdiction in its debt planning decisions.

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