

Debt Service Funds

# PERS BOND DEBT SERVICE FUND

Fund 301

	05-06	06-07	07-08	08-09
<u>Resources:</u>	<u>Actual</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Recommended Budget</u>
Budget Resources Except Taxes to be Levied				
5400 Beginning Fund Balance	\$2,970,558	\$3,010,672	\$3,000,000	\$2,910,000
1510 Earnings on Investments	179,372	226,774	84,999	83,402
1970 Miscellaneous Revenue	1,955,835	2,391,966	1,513,526	1,600,000
5200 Transfer from General Fund	0	0	1	1
<b>Total Resources</b>	<b>\$5,105,765</b>	<b>\$5,629,412</b>	<b>\$4,598,526</b>	<b>\$4,593,403</b>
 <b>Requirements:</b>				
5110 Debt Service				
610 Redemption of Principal				
Issue October 31, 2002	\$178,666	\$229,635	\$272,405	\$313,329
Issue June 21, 2005	700,000	660,000	620,000	565,000
	<u>\$878,666</u>	<u>\$889,635</u>	<u>\$892,405</u>	<u>\$878,329</u>
621 Interest				
Issue October 31, 2002	1,022,267	1,041,298	1,068,528	1,102,604
Issue June 21, 2005	194,160	163,636	137,593	112,470
	<u>\$1,216,427</u>	<u>\$1,204,934</u>	<u>\$1,206,121</u>	<u>\$1,215,074</u>
Subtotal Debt Service	\$2,095,093	\$2,094,569	\$2,098,526	\$2,093,403
6000 Unappropriated Ending Fund Balance			2,500,000	2,500,000
<b>Total Requirements</b>	<b>\$2,095,093</b>	<b>\$2,094,569</b>	<b>\$4,598,526</b>	<b>\$4,593,403</b>
Ending Fund Balance	\$3,010,672	\$3,534,843	\$0	\$0

**Fund Highlights**

- \* On March 11, 2002, and April 4, 2005, the Board of Directors authorized the School District to issue refinancing bonds for its PERS unfunded liability. Instead of having PERS carry the unfunded liability for the district's retirees at an 8% interest rate, the district entered into a pool that issued taxable bonds and turned the principal due over to PERS. Then the district repaid the bonds and took a smaller rate hike from PERS. This type of bond is not voted on by the public. It is not a new debt, but shifts the timing of the repayment of the PERS liability and lowers the cost to the district. The district will repay the bonds from the same money that it would have paid to PERS.
- \* The savings to the district from the 2002 bonds will be approximately \$180,000 per year, providing the interest rate remains favorable. This refinancing of the PERS unfunded liabilities debt will save about one-half percentage point for the next 20 to 30 years, amounting to a cost avoidance of an estimated \$4.7 million over the life of the bonds.
- \* The district charges a rate on PERS eligible salary to fund the debt service. PERS has reduced its employer contribution rate to recognize the lump-sum payment of the bonds.
- \* An Unappropriated Ending Fund Balance is being set up beginning in 2007-08 to smooth future rates required to pay the debt service in the next 20 years. Original salary estimates used by the bond pool have exceeded our projections. We will either need to pay a much higher percentage in the future or set aside some funds now to be used in future years.