



CUSD 200

# Funding Option Overview

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Option	Existing Fund Balance:	Pledge O & M Dollars from future budgets:	Utilize Debt Service Extension Base (DSEB) to issue bonds:	Approve Referendum Question to authorize sale of bonds:	Conduct a Capital Fundraising Campaign:	Option to pay for ELC with Certificates payable from operating funds :
Description	The Board's fund balance policy requires a fund balance of 25% be maintained. The FY16 fund balance was 30%. The Board could consider a transfer of fund balance beyond the required 25% to Capital Projects.	The Board would target the allocation set forth in Board Policy 4.152-Sherman Dergis Methodology.	Non-Referendum Bonds issued consistent with Districts DSEB Capacity.	Voter approved referendum to sell bonds. To place a question on the March 20, 2018 ballot, the last filing date is December 2017.	Through a fund-raising campaign, contributions would be collected to offset the cost of projects.	Provides a way of borrowing for improvements through an installment or lease contract without issuing bonds payable from a new tax levy. Certificates are sold to investors for a share of the installment or lease contract. The principal and interest of the certificates are paid from the District's current operating budget.
Amount	\$7.5 million	\$7 million	\$35 million	TBD	TBD	TBD
Pros	Illustrates to the community that the district is spending available funds on capital needs.	Completes work within our operational budget which does not require borrowing or reduction in fund balance.	Provides immediate ability to address the high priority capital work.	Allows the district to address a majority of the needs without impacting the operational cost of running the district.	Provides an alternate revenue source.	The Board could make certificate payments over a period of time from its current operational funds, and would retain ownership of the building/addition not later than the end of the lease term, if applicable (the District retains ownership throughout if an installment contract which is used for additions). The Board would not have to, but could, make an initial outlay of cash from fund balance or other sources.
Cons	Diminishes the flexibility to absorb any financial impact due to shifts in revenues or expenditures that are outside of our control.	Would require significant reductions in expenditures elsewhere in the budget.	Limits the district's ability to access DSEB proceeds for the foreseeable future.	A referendum would require an increase in taxes from the community.	Would require a backup plan if desired results fall short.	Operational dollars would have to be set aside out of the budget for the term of the Certificates (not more than 20 years).

- The annual debt service is payable from the operating funds
- A separate property tax levy is not available to pay debt service
- Maximum length of maturity is 20 years
- They count against the District's debt limit
- Only legal requirement is adoption of a debt certificate resolution by the Board of Education, which authorizes a sale
  - BINA Hearing is not required
  - 30-day petition period is not required

Borrowing Amount:	<u>\$12.5 Million</u>		<u>\$15 Million</u>	
	<u>Estimated Annual Payment</u>	<u>Estimated Total Interest Cost</u>	<u>Estimated Annual Payment</u>	<u>Estimated Total Interest Cost</u>
10 Year Final Maturity	\$1,412,813	\$1,628,125	\$1,695,375	\$1,953,750
15 Year Final Maturity	\$1,032,500	\$2,987,500	\$1,239,000	\$3,585,000
20 Year Final Maturity	\$873,281	\$4,965,625	\$1,047,938	\$5,958,750

(1) Current market rates as of August 31, 2017.



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