




NORTHWESTERN LEHIGH SCHOOL DISTRICT

BUDGETING OPTIONS FOR BOND
REFINANCING SAVINGS

MAY 9, 2012

Series A of 2007 General Obligation Bond

- \$9,980,000-original issuance amount
- Board approved refinancing at April 11th board meeting
 - Series A of 2007 \$205,000
 - Series of 2012 \$9,995,000
- Total estimated savings **\$919,029**
 - One-time savings over six (6) fiscal years ranging from \$73,600 - \$362,821 each of the six (6) years

Total Estimated Debt Service

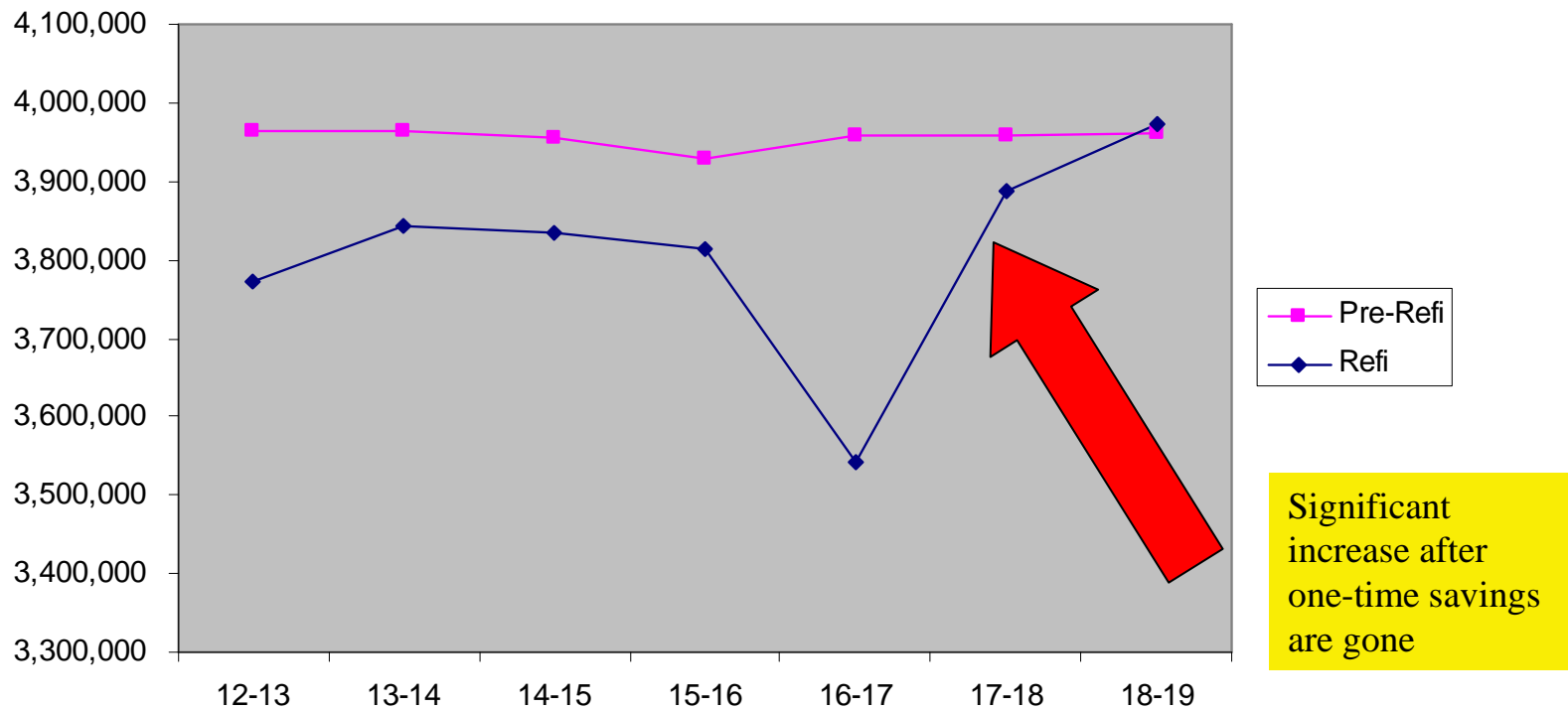
	Pre-Refi Annual Debt	Annual Increase/(Decrease)	Post-Refi Annual Debt	Annual Increase/(Decrease)
12-13	3,963,965	(1,713)	3,771,589	(194,089)
13-14	3,964,438	473	3,843,241	71,652
14-15	3,955,205	(9,233)	3,833,907	(9,334)
15-16	3,929,555	(25,650)	3,813,158	(20,749)
16-17	3,957,801	28,246	3,541,303	(271,855)
17-18	3,958,773	972	3,887,061	345,758
18-19	3,960,093	1,320	3,973,281	86,220

Scheduled Debt Payments
BEFORE the refinancing

Scheduled Debt Payments
AFTER the refinancing

2016-17 one-time refinancing savings is exhausted, causing a significant spike in debt service for 2017-18

Total Estimated Debt Service



Budgeting Options

□ Option A

- Adjust budget to reflect savings, thus reducing debt service for the next 6 budget years

□ **ADVANTAGES:**

- Reduces overall budget

□ **DISADVANTAGES:**

- 2017-18 significant increase needed to budget to meet debt service requirements

□ Option B

- Reallocate one-time savings to other areas in the general fund budget to be used for one-time purchases

□ **ADVANTAGES:**

- Maintains placeholder for debt service
- Allows additional purchases

□ **DISADVANTAGES:**

- No budget savings realized

Budgeting Options Continued

□ Option C

- Planned transfer to Capital Reserve with one-time refinancing savings
 - **ADVANTAGES:**
 - Maintains placeholder for debt service
 - Funds Capital Reserve to meet the future needs of the FMP (facilities master plan)
 - **DISADVANTAGES:**
 - No budget savings realized

□ Option D

- Alternative Ideas

Budgeting Recommendation

- Option A
 - Realize savings through reduced debt service
- Option B
 - Reallocate savings for one-time purchases
- Option C
 - Capital Reserve Transfer
- Option D
 - Other

- RECOMMENDATION:
 - **OPTION C**
 - Maintains placeholder for future debt service
 - Appropriate use of one-time savings
 - Funds Capital Reserve for future FMP projects without using new budget dollars
 - Long-term budgeting focus