

CLOSING MEMORANDUM

DATE: June 5, 2018

TO: The following participants via e-mail delivery

FROM:

SUBJECT:

\$10,000,000 Bond Anticipation Note
Dated Date: June 12, 2018
Settlement Date: June 12, 2018

SOURCES OF FUNDS:

Note Proceeds

Par Amount of Notes	<u>\$10,000,000.00</u>
Total Purchase Price	\$10,000,000.00

Amount to be Wired

Total Purchase Price	<u>\$10,000,000.00</u>
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TOTAL SOURCES OF FUNDS:	<u>\$10,000,000.00</u>
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USES OF FUNDS:

PROJECT

FUND: ZB, N.A. wire to the District for deposit to the Project Fund: **\$10,000,000.00**

Deposit to Project Fund \$10,000,000.00

TOTAL USES OF FUNDS: **\$10,000,000.00**

CLOSING INSTRUCTIONS:

The following wire will take place on..... June 12, 2018

#1 ZB, N.A. wire to the District's Project Fund Account: **\$10,000,000.00**

Bank Name:

ABA Number:

Account Number:

Account Title:

For Further Credit To:

Account Number:

TOTAL WIRE AMOUNT: **\$10,000,000.00**

Journal Entries for Debt Issuance and Subsequent Interest and Principal Payments

Below are the anticipated journal entries to record the various debt issuance by a school district. Also included below are the debt anticipated journal entries to record the debt interest and principal payments. Debt is recorded in Fund 38 if non-referendum related or in Fund 39 if referendum related.

Bond Anticipation Note or Note Anticipation Note

To Record Note Issuance

Dr. 49 B 000 000 711000 000	Cash	10,000,000		
Cr. 49 R 000 873 500000 000	Long-Term Notes Proceeds		10,000,000	
		<hr/>	<hr/>	
		10,000,000	10,000,000	JE IN BALANCE

To Record Note Premium, if applicable

Dr. 38/39 B 000 000 711000 000	Cash	-		
Dr. 38/39 E 000 690 281000 000	Other Debt Payment-Closing Costs	-		
Cr. 38/39 R 000 968 500000 000	Debt Premium-Non-Refinancing Debt		-	
		<hr/>	<hr/>	
		-	-	JE IN BALANCE

CLOSING MEMORANDUM

DATE: August 1, 2018
TO: The following participants via e-mail delivery

FROM:

SUBJECT:
E \$9,945,000 General Obligation Refunding Bonds
Dated Date: August 8, 2018
Settlement Date: August 8, 2018

SOURCES OF FUNDS:

Amounts to be Wired	
Total Purchase Price	\$10,119,230.60 %
Less: Official Statement Printing, Distribution & Filing Fees (1)	(\$4,000.00) C ¹
TOTAL SOURCES OF FUNDS:	\$10,115,230.60

⁽¹⁾ To be retained and credited to account #286399

USES OF FUNDS:

D/S FUND: _____ wire to the District for deposit to the Debt Service Fund: **\$10,063,344.85 G**

Amount Needed to Pay off BAN on 9/12/2018*	\$10,061,500.00 H
Rounding	<u>\$1,844.85</u>
	<u>\$10,063,344.85</u>

*On or before September 12, 2018, the District will wire \$10,061,500.00 to ZB, N.A. to pay off the BAN.

COST OF ISSUANCE: _____ wire for payment of the fees in the amounts indicated below: **\$51,885.75 C2**

Quarles & Brady LLP Bond Counsel Fee	\$27,610.75
Quarles & Brady LLP Disclosure Counsel Fee	\$8,950.00
Moody's Investors Service Rating Agency Fee	\$15,000.00
Associated Trust Company Fiscal Agent Fee	<u>\$325.00</u>
	<u>\$51,885.75</u>

TOTAL USES OF FUNDS:	\$10,115,230.60
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A - The outstanding principal on the original debt being refinanced. In this example, the principal being paid off is \$10,000,000 as no payments were made on the BAN prior to the refinancing.

B - Interest costs of refinanced debt identified on closing memo. In this example, it was required to calculate by subtracting principal payment from total payoff amount. See calculation below.

Amount needed to pay off BAN per above	10,061,500.00 H
Remaining Principal on BAN to payoff	<u>-10,000,000.00 A</u>
Interest Needed to Pay off BAN	61,500.00 B

C = C1+ C2 - \$4,000+ \$51,885.75 = \$55,885.75. Costs of issuance. Included are bond counsel fees, rating agency fees, fiscal agent fees, and printing, distribution and filing fees. In this example, the closing costs included in the TOTAL USES OF FUNDS section + the official statement printing, distribution & filing fees included in the TOTAL SOURCES OF FUNDS section are the total closing cost of the refinancing.

D - There is no discount shown in this closing memo. An underwriter's discount may be shown in sources of funds section on closing memo. There would also be a discount if the purchase price is less than the face value of the bonds.

E - The bond proceeds are the face value of the new debt being issued.

F - Premium may be shown in sources of funds section of closing memo. In this example, the bond premium is not explicitly identified, but must be calculated by subtracting the purchase price from the face value of the new debt. See calculation below.

Purchase Price of New Bonds	10,119,230.60 %
Face Value of New Bonds	<u>- 9,945,000.00 E</u>
Bond Premium	174,230.60 F

G - Cash wired to district for refinancing.

H - Cash paid to payoff BAN principal and interest

G - H = Cash received from closing. This is the rounding amount shown above.

BAN Refinancing Transaction

New Bond Issuance

Cash	10,063,344.85	G
Other Debt Retirement-Closing Costs	55,885.75	C
Other Debt Retirement-Discourt	-	D
Long-Term Bond Proceeds	9,945,000.00	E
Premium on Debt Refinancing	174,230.60	F
	10,119,230.60	JE IN BALANCE

Payoff of Refinanced Debt

Dr. 38/39 E 000 673 282000 000	10,000,000.00	A
Dr. 38/39 E 000 683 282000 000	61,500.00	B
Cr. 38/39 B 000 000 711000 000	10,061,500.00	H
Totals	10,061,500.00	JE IN BALANCE

Function 282000 Test:

Proceeds	9,945,000.00
Plus Premium	174,230.60
Less Principal Paid Off	(10,000,000.00)
Less Interest Paid Off	(61,500.00)
Less Discount	-
Less Fees	(55,885.75)
Must Equal Zero or Cash Received	1,844.85 TEST WORKS

If principal and interest payments occur in the same fiscal year as the refinancing, the cash received as calculated above must be applied to principal or interest payments for this issue using Function 282000. See "Debt Service Payments on New GO Bond Issuance" with cash received from refinancing included in example. If no principal and interest payments occur in the same fiscal year as the refinancing, the cash received as calculated above must be coded to Fund Balance Restricted for Refinancing – 936310 at year end.

In the subsequent fiscal year, the balance in 936310 must be applied to principal or interest payments as a 282000 function. For example, if the total interest payments are \$50,000 but a balance of \$5,000 was remaining in 936310, \$45,000 would be coded to Function 281000 and \$5,000 would be coded to Function 282000.

Debt Service Payments on New GO Bond Issuance

Dr. 38/39 E 000 675 281000 000	1,040,000.00	
Dr. 38/39 E 000 685 281000 000	197,199.47	
Dr. 38/39 E 000 685 282000 000	1,844.85	
Cr. 38/39 B 000 000 711000 000	1,239,044.32	
	1,239,044.32	JE IN BALANCE

The district needs to enter a new debt schedule for the new debt issued. See "Enter LT Debt in SAFR Tab". Below is an example of the first line including the coding for cash received during refinancing.

Period	Last Principal Balance	Principal Payments Scheduled	Interest Payments Scheduled	Refinanced Principal Adjustment	Refinanced Interest Adjustment	New Principal Balance
2019 January - June	9,945,000.00	1,040,000.00	197,199.47	0.00	1,844.85	8,905,000.00

The BAN debt schedule you are refinancing should be adjusted to look like the below:

Period	Last Principal Balance	Principal Payments Scheduled	Interest Payments Scheduled	Refinanced Principal Adjustment	Refinanced Interest Adjustment	New Principal Balance
2018 July - December	10,000,000.00	0.00	0.00	-10,000,000.00	61,500.00	0.00