50 – Debt Service Fund Budget

PURPOSE: This fund is used to pay debt service payments for principal and interest on bonds or Special Improvement Districts or Rural Improvement Districts (SIDs/RIDs). The expenditure budget of the fund should include both principal and interest payments due on bonds for each fiscal year of the bond term. The OPI recommends a district budget and pay the obligations due 1/1 and 7/1 in the same budget year. Payments due 1/1/23 and 7/1/2023 should be budgeted and paid in FY2023. In other words, if a payment is due 7/1/2023, the OPI recommends including this payment in the budget of the year just ended 6/30/2023.

Taxing Jurisdiction is an area in the district that is taxed for a purpose, such as a bond payment. Taxing jurisdictions are established and identified by the county assessor. A district may have several bonds SIDs/RIDs outstanding in one or more taxing jurisdictions. Each taxing jurisdiction is kept separate for budget purposes. The debt service fund adopted budget must be sufficient to pay SIDs/RIDs and bonds for all taxing jurisdictions.

Debt Service Assistance Reimbursements and Advances ("Debt Service GTB"): If the district qualifies to receive Debt Service Assistance Reimbursements and an Advance, the OPI will send a single annual payment to the district in May. The payment should be combined with the fund balance of the appropriate taxing jurisdiction account and any balance remaining used to lower the debt service levy for the jurisdiction for the ensuing year.

VOTING REQUIREMENTS: The Debt Service Fund (50) is a voter approved district tax levy fund. This fund requires approval from the qualified electors of the school district.

BUDGET & RESERVES Tab:

1. 0001 Adopted Budget is calculated BY TAXING JURISDICTION. The budget includes:
   □ Principal, interest, and agent fees entered for each bond and/or SIDs/RIDs for the jurisdiction (see NOTE below);
   □ Plus: 0003 Add to Fund Balance, if entered for the jurisdiction.

NOTE: Currently all general obligation bonds are eligible for consideration to receive the debt service assistance payment. MAEFAIRS automatically refers to the bond repayment schedule established when the bond was issued for the principal and interest (P&I) payments due in the ensuing budget period. If the payments shown are incorrect, notify the OPI to correct and reissue the MAEFAIRS data files.

2. Optional: Enter an amount under Add to Fund Balance to recover a deficit fund balance in the taxing jurisdiction. This amount will increase the 1110 District Tax Levy.

3. NEGATIVE FUND BALANCES: If a negative fund balance exists because of debt obligations paid in previous years, the negative fund balance amount may be added to the budget for the ensuing year for the appropriate taxing jurisdiction to recover the deficit with taxes in the ensuing year. Enter the deficit under Add to Fund Balance in the appropriate jurisdiction budget screen.

4. Operating Reserves: A limited reserve may be held for cash-flow purposes. A reserve is allowable within §20-9-438(3), MCA. The statute allows a reserve approximating the payments due between July 1 and November 30 of the ensuing year. However, payments due July 1 should
be included in the budget of the prior year and should not have to be reserved.

5. The available fund balance must be reappropriated to fund the budget.

6. Be sure to reserve zero for the final year in which bonds are paid.

REVENUES Tab:

The Debt Service Fund (50) receives the following revenue sources:

1. Non-levy Revenues are entered by the district and should be ESTIMATED;
   - Non-levy revenue sources include: 1123, 1510, 1900, 3302, 3460, 9100, and 9710.
   - Estimated 1123 Coal Gross Proceeds: Pre-filled by the OPI using information provided by the Department of Revenue each June.

2. Districts that receive a Facilities Debt Service Assistance Payment in the first year of the bond obligation should include the anticipated advance amount on Line 9100-Other Revenue;

3. Fund Balance Reappropriated; MAEFAIRS calculates

4. Tax Levies, if applicable. MAEFAIRS calculates

SUMMARY Tab: (No input required.)

Verify the information on the screen including the number of mills.