

DISTRICT SCHOOL BOARD OF ST. JOHNS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

5. OBLIGATION UNDER CAPITAL LEASE

The Board entered into a Master Governmental Equipment Lease Financing Agreement with a local financial institution on April 12, 2004, to finance the purchase of portable buildings under provisions of Section 1013.15, Florida Statutes. The District borrowed \$667,231 at a stated interest rate of 4.22 percent. Payments are payable monthly through April 16, 2014. Future minimum capital lease payments and the present value of the minimum lease payments as of June 30 are as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> |
|-----------------------------------|----------------------|----------------------|---------------------|
| 2010 | 81,904.44 | 68,123.73 | 13,780.71 |
| 2011 | 81,904.44 | 71,054.79 | 10,849.65 |
| 2012 | 81,904.44 | 74,111.98 | 7,792.46 |
| 2013 | 81,904.44 | 77,300.72 | 4,603.72 |
| 2014 | 68,253.70 | 66,952.26 | 1,301.44 |
| Total Lease Payments | \$ 395,871.46 | \$ 357,543.48 | \$ 38,327.98 |

6. CERTIFICATES OF PARTICIPATION

Certificates of Participation at June 30, 2009, are as follows:

| <u>Series</u> | <u>Amount Outstanding</u> | <u>Interest Rates (Percent)</u> | <u>Lease Term Maturity</u> | <u>Original Amount</u> |
|--------------------------------------------|---------------------------|---------------------------------|----------------------------|------------------------|
| Series 2003A | \$ 15,550,000 | | 2018 | \$ 23,230,000 |
| Series 2006 | 123,245,000 | | 2021 | 145,000,000 |
| Total Certificates of Participation | \$ 138,795,000 | | | |

The District entered into a master financing arrangement on November 15, 2003, characterized as a lease purchase agreement, with the St. Johns County School Board Leasing Corporation whereby the District secured financing of various educational facilities. The financing was accomplished through the issuance of Certificates of Participation to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement, the District has given ground leases on District properties to the St. Johns County School Board Leasing Corporation, with a rental fee of \$10 per year. The properties covered by the ground leases are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the leases and to provide for the rent payments through to term, the District may be required to surrender the properties included under the Ground Lease Agreements for the benefit of the securers of the Certificates for the remaining term of the ground leases or until the Certificates are paid in full.

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A summary of the lease terms are as follows:

| <u>Certificates</u> | <u>Lease Term</u> |
|---------------------|----------------------------------------------|
| Series 2003A | Earlier of date paid in full or July 1, 2023 |
| Series 2006 | Earlier of date paid in full or July 1, 2021 |

The District properties included in the ground leases under these arrangements include:

| <u>Certificates</u> | <u>Description of Properties</u> |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Series 2003A | Construction of Timberlin Creek Elementary School and South Woods Elementary School |
| Series 2006 | Construction of Wards Creek Elementary School, Pacetti Bay Middle School, a Ninth Grade Center at the Existing Bartram Trail High School, Ponte Vedra High School, and Creekside High School |

The lease payments are payable by the District, semiannually, on July 1 and January 1, and must be remitted by the District as of the 15th day of the month preceding the payment dates. The following is a schedule by years of future minimum lease payments under the leases together with the present value of minimum lease payments as of June 30:

| <u>Fiscal Year Ending June 30</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> |
|-------------------------------------|-----------------------|-----------------------|----------------------|
| 2010 | \$ 15,648,634 | \$ 9,585,000 | \$ 6,063,634 |
| 2011 | 15,646,546 | 9,940,000 | 5,706,546 |
| 2012 | 15,643,216 | 10,345,000 | 5,298,216 |
| 2013 | 15,648,906 | 10,805,000 | 4,843,906 |
| 2014 | 15,650,007 | 11,230,000 | 4,420,007 |
| 2015-2019 | 76,160,215 | 61,555,000 | 14,605,215 |
| 2020-2021 | 27,140,950 | 25,335,000 | 1,805,950 |
| Total Minimum Lease Payments | \$ 181,538,474 | \$ 138,795,000 | \$ 42,743,474 |

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7. BONDS PAYABLE

Bonds payable at June 30, 2009, are as follows:

| Bond Type | Amount Outstanding | Interest Rates (Percent) | Annual Maturity To |
|------------------------------------|-----------------------------|-----------------------------|-----------------------|
| State School Bonds: | | | |
| Series 1999A | 980,000 | 4.125 - 4.75 | 2019 |
| Series 2000A (Partially Refunded) | 125,000 | 5.000 - 5.125 | 2010 |
| Series 2003A | 460,000 | 3.0 - 4.25 | 2023 |
| Series 2004A | 650,000 | 3.350 - 4.625 | 2024 |
| Series 2005A | 230,000 | 4.0 - 5.0 | 2025 |
| Series 2005B, Refunding | 3,840,000 | 5 | 2020 |
| Series 2006A | 470,000 | 4.000 - 4.625 | 2026 |
| Series 2008A | 1,400,000 | 3.25 - 5.00 | 2028 |
| District General Obligation Bonds: | | | |
| Refunding Bonds Series 2003 | 3,830,000 | 2.75 - 4.5 | 2010 |
| Total Bonds Payable | <u>\$ 11,985,000</u> | | |

The various bonds were issued to finance capital outlay projects of the District. The following is a description of bonded debt issues:

➤ **State School Bonds**

These bonds are issued by the State Board of Education on behalf of the District. The bonds mature serially, and are secured by a pledge of the District's portion of the State-assessed motor vehicle license tax. The State's full faith and credit is also pledged as security for these bonds. Principal and interest payments, investment of Debt Service Fund resources, and compliance with reserve requirements are administered by the State Board of Education and the State Board of Administration.

➤ **District General Obligation Bonds**

General Obligation Refunding Bonds, Series 2003, were authorized by Sections 132.33 through 132.47, Florida Statutes, and other applicable provisions of law, and secured by a pledge of property taxes levied pursuant to Chapter 1011, Florida Statutes.

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Annual requirements to amortize all bonded debt outstanding as of June 30, 2009, are as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> |
|------------------------------------|-------------------------|-------------------------|------------------------|
| State School Bonds: | | | |
| 2010 | \$ 924,583.75 | \$ 540,000.00 | \$ 384,583.75 |
| 2011 | 914,571.25 | 555,000.00 | 359,571.25 |
| 2012 | 919,016.25 | 585,000.00 | 334,016.25 |
| 2013 | 921,928.75 | 615,000.00 | 306,928.75 |
| 2014 | 933,135.00 | 655,000.00 | 278,135.00 |
| 2015-2019 | 4,223,938.75 | 3,330,000.00 | 893,938.75 |
| 2020-2024 | 1,581,912.50 | 1,270,000.00 | 311,912.50 |
| 2025-2028 | 674,062.50 | 605,000.00 | 69,062.50 |
| Total State School Bonds | <u>\$ 11,093,148.75</u> | <u>\$ 8,155,000.00</u> | <u>\$ 2,938,148.75</u> |
| District General Obligation Bonds: | | | |
| 2010 | <u>3,886,993.75</u> | <u>3,830,000.00</u> | <u>56,993.75</u> |
| Total | <u>\$ 14,980,142.50</u> | <u>\$ 11,985,000.00</u> | <u>\$ 2,995,142.50</u> |

8. CHANGES IN GENERAL LONG-TERM LIABILITIES

The following is a summary of changes in general long-term liabilities:

| <u>Description</u> | <u>Balance 7/1/08</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance 6/30/09</u> | <u>Due in One Year</u> |
|---------------------------------------------|---------------------------|-------------------------|-------------------------|----------------------------|----------------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| Estimated Insurance Claims Payable | \$ 2,711,000.00 | \$ 238,718.50 | \$ 659,748.50 | \$ 2,289,970.00 | \$ 659,748.50 |
| Obligation Under Capital Lease | 422,857.03 | - | 65,313.55 | 357,543.48 | 68,123.73 |
| Bonds Payable | 16,215,000.00 | - | 4,230,000.00 | 11,985,000.00 | 4,370,000.00 |
| Certificates of Participation Payable | 148,040,000.00 | - | 9,245,000.00 | 138,795,000.00 | 9,585,000.00 |
| Compensated Absences Payable | 25,595,611.91 | 3,078,762.77 | 8,013,506.70 | 20,660,867.98 | 1,520,906.70 |
| Postemployment Health Care Benefits Payable | 13,659,107.00 | 8,063,178.00 | 1,757,303.00 | 19,964,982.00 | - |
| Total Governmental Activities | <u>\$ 206,643,575.94</u> | <u>\$ 11,380,659.27</u> | <u>\$ 23,970,871.75</u> | <u>\$ 194,053,363.46</u> | <u>\$ 16,203,778.93</u> |

**ST. JOHNS COUNTY SCHOOL DISTRICT
 CERTIFICATE OF PARTICIPATION
 SERIES 2003A
 ANNUAL
 INTEREST PRINCIPAL PAYMENTS**

| | December 15 Interest Payment | June 15 Interest Payment | June 15 Principal Payment | Total Payment |
|---------------------------|---------------------------------|-----------------------------|------------------------------|----------------------------|
| 2003-2004 | | \$ 476,007.01 | \$ 730,000.00 | \$ 1,206,007.01 |
| 2004-2005 | \$ 371,820.63 | \$ 371,820.63 | \$ 1,335,000.00 | \$ 2,078,641.26 |
| 2005-2006 | \$ 358,470.63 | \$ 358,470.63 | \$ 1,360,000.00 | \$ 2,076,941.26 |
| 2006-2007 | \$ 344,870.63 | \$ 344,870.63 | \$ 1,390,000.00 | \$ 2,079,741.26 |
| 2007-2008 | \$ 330,970.63 | \$ 330,970.63 | \$ 1,415,000.00 | \$ 2,076,941.26 |
| 2008-2009 | \$ 314,344.38 | \$ 314,344.38 | \$ 1,450,000.00 | \$ 2,078,688.76 |
| 2009-2010 | \$ 290,881.88 | \$ 290,881.88 | \$ 1,495,000.00 | \$ 2,076,763.76 |
| 2010-2011 | \$ 269,204.38 | \$ 269,204.38 | \$ 1,540,000.00 | \$ 2,078,408.76 |
| 2011-2012 | \$ 240,329.38 | \$ 240,329.38 | \$ 1,595,000.00 | \$ 2,075,658.76 |
| 2012-2013 | \$ 208,429.38 | \$ 208,429.38 | \$ 1,660,000.00 | \$ 2,076,858.76 |
| 2013-2014 | \$ 179,379.38 | \$ 179,379.38 | \$ 1,720,000.00 | \$ 2,078,758.76 |
| 2014-2015 | \$ 148,419.38 | \$ 148,419.38 | \$ 1,780,000.00 | \$ 2,076,838.76 |
| 2015-2016 | \$ 115,044.38 | \$ 115,044.38 | \$ 1,845,000.00 | \$ 2,075,088.76 |
| 2016-2017 | \$ 79,297.50 | \$ 79,297.50 | \$ 1,920,000.00 | \$ 2,078,595.00 |
| 2017-2018 | \$ 40,897.50 | \$ 40,897.50 | \$ 1,995,000.00 | \$ 2,076,795.00 |
| Original Principal | | \$ 23,230,000.00 | | |
| Current Outstanding | | \$ 15,550,000.00 | | |
| Original Interest Expense | | \$ 7,060,727.13 | | |
| Current Interest Expense | | \$ 3,143,766.32 | | |

Strikethrough areas are payments completed.

**ST. JOHNS COUNTY SCHOOL DISTRICT
 CERTIFICATE OF PARTICIPATION
 SERIES 2006
 ANNUAL
 INTEREST PRINCIPAL PAYMENTS**

| | December 15 Interest Payment | June 15 Interest Payment | June 15 Principal Payment | Total Payment |
|---------------------------|---------------------------------|-----------------------------|------------------------------|-----------------------------|
| 2006-2007 | \$ 2,515,442.49 | \$ 3,166,291.25 | \$ 6,465,000.00 | \$ 12,146,733.74 |
| 2007-2008 | \$ 3,036,991.25 | \$ 3,036,991.25 | \$ 7,495,000.00 | \$ 13,568,982.50 |
| 2008-2009 | \$ 2,887,091.25 | \$ 2,887,091.25 | \$ 7,795,000.00 | \$ 13,569,182.50 |
| 2009-2010 | \$ 2,740,935.00 | \$ 2,740,935.00 | \$ 8,090,000.00 | \$ 13,571,870.00 |
| 2010-2011 | \$ 2,584,068.75 | \$ 2,584,068.75 | \$ 8,400,000.00 | \$ 13,568,137.50 |
| 2011-2012 | \$ 2,408,778.75 | \$ 2,408,778.75 | \$ 8,750,000.00 | \$ 13,567,557.50 |
| 2012-2013 | \$ 2,213,523.75 | \$ 2,213,523.75 | \$ 9,145,000.00 | \$ 13,572,047.50 |
| 2013-2014 | \$ 2,030,623.75 | \$ 2,030,623.75 | \$ 9,510,000.00 | \$ 13,571,247.50 |
| 2014-2015 | \$ 1,839,158.75 | \$ 1,839,158.75 | \$ 9,890,000.00 | \$ 13,568,317.50 |
| 2015-2016 | \$ 1,635,785.00 | \$ 1,635,785.00 | \$ 10,300,000.00 | \$ 13,571,570.00 |
| 2016-2017 | \$ 1,393,560.00 | \$ 1,393,560.00 | \$ 10,785,000.00 | \$ 13,572,120.00 |
| 2017-2018 | \$ 1,163,535.00 | \$ 1,163,535.00 | \$ 11,245,000.00 | \$ 13,572,070.00 |
| 2018-2019 | \$ 886,910.00 | \$ 886,910.00 | \$ 11,795,000.00 | \$ 13,568,820.00 |
| 2019-2020 | \$ 603,675.00 | \$ 603,675.00 | \$ 12,365,000.00 | \$ 13,572,350.00 |
| 2020-2021 | \$ 299,300.00 | \$ 299,300.00 | \$ 12,970,000.00 | \$ 13,568,600.00 |
| Original Principal | | \$ 145,000,000.00 | | |
| Current Outstanding | | \$ 123,245,000.00 | | |
| Original Interest Expense | | \$ 57,129,606.24 | | |
| Current Interest Expense | | \$ 39,599,707.50 | | |

Strikethrough areas are payments completed.