



Contact: **Kari Stanek**
501 K Street, Reedsburg, WI 53959
608-524-2016 ext. 2035
kstanek@rsd.k12.wi.us

FOR IMMEDIATE RELEASE

The School District of Reedsburg Budget Presentation and Annual Meeting

Reedsburg, WI – (July 18, 2022) – During its budget presentation and Annual Meeting on Monday, July 18, 2022, the School District of Reedsburg is proposing the formal implementation of a strategy known as debt defeasance. Defeasance is a provision in a contract that voids a bond or loan on a balance sheet when the borrower sets aside cash or bonds sufficient enough to service the debt. A common comparison would be pre-paying your car or home mortgage payments. Allowable by Wisconsin State Statute, the practice of debt defeasance is not new. A number of other Badger Conference districts have utilized it, as well as districts in other parts of the state.

“Our new Strategic Plan contains a Focus Area on Responsible Fiscal Management,” stated School District of Reedsburg Superintendent Dr. Roger Rindo. “Defeasance will allow the District to prepay current debt, saving several million dollars in future interest on our existing debt, while at the same time preparing the District financially for potential future projects in which it could take on additional debt with little to minimal levy impact.”

While the Wisconsin school finance system limits the amount of property taxes in the General Fund through the revenue limit formula, the school board has the ability to determine the amount of the property tax levy in the debt service fund, which is the fund that pays back all of the prior community-approved debt. “Our defeasance strategy will help prepare the District for the future,” said Board President Gary Woolever. “At the same time, we will be able to provide a higher degree of tax rate consistency. This will make things more predictable for taxpayers from year to year.”

A Frequently Asked Questions document on the strategy of debt defeasance can be found on the School District of Reedsburg’s website.

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