

Henderson County Schools

1805 Second Street, Henderson, Kentucky 42420
(270) 831-5000 Fax: (270) 831-5009
www.henderson.kyschools.us



To: Marganna Stanley, Superintendent
And School Board Members

From: Cindy Cloutier
Director of Finance *Cindy Cloutier*

Date: February 15, 2016

Re: SFCC Offer of Assistance

Please see the attached letter from the School Facilities Construction Commission which makes an official Offer of Assistance to the Henderson County Board of Education in the amount of **\$155,328 annual debt service** on bonds to be sold for proposed construction or major renovation of facilities as outlined in our facility plan.

Board approval is required for acceptance of this offer along with proof that the required fund balance at year end was transferred to the proper MUNIS code (8738) in the building fund. The amount we were required to have in this account for this offer at year end was \$150,017. This is verified in both the audit report and the MUNIS general ledger report.



School Facilities Construction Commission

Finance and Administration Cabinet

229 W. Main Street, Suite 102

Frankfort, Kentucky 40601

(502) 564-5582

(888) 979-6152 Fax

MATT BEVIN

Governor

Col. William Landrum III

Secretary

JAMES LEE STEVENS

Chairman

KRISTI CULPEPPER

Executive Director

January 8, 2016

Ms. Marganna Stanley, Superintendent
Henderson County Schools
1805 2nd Street
Henderson, Kentucky 42420-3367

Dear Ms. Stanley:

Pursuant to KRS 157.622, the School Facilities Construction Commission (SFCC) is hereby making an official Offer of Assistance to the Henderson County Schools Board of Education. Acceptance of this Offer of Assistance commits the school district to adhere to the statutes and regulations governing this program. This Offer of Assistance is in the amount of **\$155,328 annual debt service** on bonds to be sold for proposed construction or major renovation of facilities outlined in your most current approved facility plan. These funds or any of those escrowed for the purpose of receiving this offer must be used only on a Priority One Project of your district's facility plan. House Bill 235 of the 2014 Regular Session of the General Assembly states:

"Notwithstanding KRS 157.611 to 157.640, 157.650, 157.655, 157.660, and 157.665, the School Facilities Construction Commission is authorized to make an additional \$100,000,000 in offers of assistance during the 2014-2016 biennium in anticipation of debt service availability during the 2016-2018 biennium. No bonded indebtedness based on the above amount is to be incurred during the 2014-2016 biennium."

This means that while the Commission is making this offer now, no bonds may be sold prior to June 30, 2016, which assumes that funding is included in the 2016-2018 biennium. In order for your district to be eligible to accept this offer, it will be necessary for you to verify that your district has transferred to the **SFCC Escrow – Current Offer (Code 8738)** accounts the fund balances remaining in both the **Building Fund** and **Capital Outlay Fund** as of June 30, 2015, plus interest accumulated on these funds. Regulations governing our agency can be found at <http://www.lrc.state.ky.us/kar/TITLE750.HTM> on the Internet.

In responding to this Offer of Assistance, you must provide this office with (1) an excerpt of your Board Minutes either accepting or rejecting the offer within **thirty (30) days** of receipt of this offer, (2) the page from your District's 2015 Audit verifying the remaining fund balances in both the Building Fund and the Capital Outlay Fund (3) a copy of a General Ledger entry showing the transfer of your fund balances into the Building Fund and Capital Outlay SFCC Escrow Current Accounts, as stated in the preceding paragraph. We look forward to working with you and trust this assistance will be an integral part of a quality educational program in your school district.

Sincerely,

Kristi Culpepper
Executive Director



An Equal Opportunity Employer M/F/D

Henderson County School District
Notes to the Basic Financial Statements
June 30, 2015

NOTE 4 – BONDED DEBT AND LEASE OBLIGATIONS (CONTINUED)

Advance Refunding:

The District issued \$7,865,000 in revenue bonds with interest rates ranging from 2.00% to 3.00%. The proceeds were used to advance refunding the School Building Revenue Bonds (BABS) Series 2010 which had interest rates ranging from 1.00 % to 6.00%. The net proceeds of \$7,865,000 were deposited in an irrevocable trust with an escrow agent to provide funds for future debt service payments on the refunded bonds. As a result of this transaction, the Series 2010 Bonds are considered to be defeased and the liability for these bonds has been removed from the statement of net position. The reacquisition price exceeded the net carrying value of the old debt by \$14,197. This amount is being amortized over the life of the refunding debt. The District as a result of the transaction reduced its debt service by \$801,803, and obtained an economic gain (difference between the present values of debt service payments on old and new debt) of \$645,395.

NOTE 5 – ACCRUED SICK LEAVE

In accordance with generally accepted governmental accounting principles, the District has recorded accrued sick leave as a liability in the District-wide statement of net position since the majority of these liabilities are not expected to be liquidated with expendable available financial resources. Accrued sick leave, which has no maximum accumulation, is payable upon retirement at 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments. Compensated absences are generally liquidated by the General Fund.

NOTE 6-FUND BALANCES

The following is a summary of fund balances for the fiscal year ended June 30, 2015:

	General Fund	Construction Fund	FSPK Fund	SEEK Capital Outlay Fund	Totals
<u>NON-SPENDABLE:</u>					
Prepaid expenses	\$ 102,674	\$ -	\$ -	\$ -	\$ 102,674
<u>COMMITTED:</u>					
Sick leave	492,549	-	-	-	492,549
<u>ASSIGNED:</u>					
State Revenue Shortfall	749,000	-	-	-	749,000
Future technology	429,000	-	-	-	429,000
Future bus purchases	643,000	-	-	-	643,000
Future HVAC repairs	643,000	-	-	-	643,000
Roof repairs	536,000	-	-	-	536,000
Purchase obligations	44,261	-	-	-	44,261
Total Assigned	3,044,261	-	-	-	3,044,261
<u>RESTRICTED:</u>					
Special Programs	-	-	-	-	-
Debt Service	-	-	-	-	-
Construction	-	3,560,192	181,418	200,979	3,942,589
Total Restricted	-	3,560,192	181,418	200,979	3,942,589
<u>UNASSIGNED:</u>					
	11,465,324	-	-	-	11,465,324
Total Fund Balances	\$ 15,104,808	\$ 3,560,192	\$ 181,418	\$ 200,979	\$ 19,047,397

YEAR PER	JOURNAL	SRC	EFF DATE	ENT DATE	JNL DESC	CLERK	ENTITY	AUTO-REV	STATUS	BUD YEAR	JNL TYPE
2015	13	30 GEN	06/30/2015	07/21/2015	restrict	9251cc1o	1	N	Hist	2015	N
LN	ORG	OBJECT	PROJ	REF1	REF2	REF3	ACCOUNT DESCRIPTION	LINE DESCRIPTION	DEBIT	CREDIT	OB
1	31	8770		CC			UNASSIGNED FUND BALANCE		200,979.16		
2	32	8770		CC			UNASSIGNED FUND BALANCE		31,401.84		
3	31	8735		CC			RESTRICTED-FUTURE CONSTR BG-1			200,979.16	
4	32	8735		CC			RESTRICTED-FUTURE CONSTR BG-1			31,401.84	
5	32	8738		CC			RESTRICTED-SFCC ESCROW-CURRENT			150,016.61	
6	32	8770		CC			UNASSIGNED FUND BALANCE		150,016.61		
									** JOURNAL TOTAL	382,397.61	382,397.61
									** GRAND TOTAL	382,397.61	382,397.61

1 Journals printed

** END OF REPORT - Generated by Cindy Cloutier **

HENDERSON COUNTY BOARD OF EDUCATION

BALANCE SHEET FOR 2015 13



FUND: 320 BUILDING FUND		NET CHANGE FOR PERIOD	ACCOUNT BALANCE
ASSETS	32	.00	181,418.45
	6101	.00	181,418.45
	TOTAL ASSETS		
FUND BALANCE	32	3,174,407.02	.00
	32	-2,992,988.57	.00
	32	-31,401.84	-31,401.84
	32	-150,016.61	-150,016.61
	TOTAL FUND BALANCE	.00	-181,418.45
	TOTAL LIABILITIES + FUND BALANCE	.00	-181,418.45

** END OF REPORT - Generated by Cindy Cloutier **