

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



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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

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HENDERSON COUNTY BOARD OF EDUCATION
JOURNAL INQUIRY

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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	REF2	REF3	ACCOUNT	DESCRIPTION	9251cc1o	1	N	Hist	2015		N	
LN	ORG	OBJECT	PROJ	REF1	REF2	REF3	ACCOUNT	DESCRIPTION	LINE DESCRIPTION						DEBIT		CREDIT
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			150,016.61
6	32	8770		CC				UNASSIGNED FUND BALANCE									
	320	-8770						** JOURNAL TOTAL						382,397.61			382,397.61
								** GRAND TOTAL						382,397.61			382,397.61

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HENDERSON COUNTY BOARD OF EDUCATION



BALANCE SHEET FOR 2015 13

FUND: 320 BUILDING FUND			NET CHANGE FOR PERIOD	ACCOUNT BALANCE
ASSETS	32	6101		
		CASH IN BANK	.00	181,418.45
FUND BALANCE		TOTAL ASSETS	.00	181,418.45
	32	6302	3,174,407.02	.00
	32	7602	-2,992,988.57	.00
	32	8735	-31,401.84	-31,401.84
	32	8738	-150,016.61	-150,016.61
		TOTAL FUND BALANCE	.00	-181,418.45
		TOTAL LIABILITIES + FUND BALANCE	.00	-181,418.45

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