

Option One

Restriction of \$600,000 (General Fund) + \$292,000 (Capital Outlay Fund) = \$45,175,000 Bonding Capacity as of February 2020

Explanation: In June 2019, the Board voted to commit \$600,000 from our General Fund along with 80% of our Capital Outlay dollars (\$292,000) as part of a BG-1 (initial document submitted to Kentucky Department of Education to begin a construction project) for a new high school. This option would provide for a new classroom building and auxiliary gym.

Benefits	Costs to Taxpayers	Risks
- Provides a new classroom building with the latest safety features and twenty-first century learning spaces along with an auxiliary gym for \$43 million to replace the current 55-year-old high school. - Avoids potential increases in construction cost. - Allows the board to unrestrict \$350,000 and transfer it back to the general fund.	Creates the necessity for a yearly tax increase generating four percent more revenue to offset typical operational costs not covered due to the restriction of capital outlay and general fund dollars.	- Shifts costs for small projects, such as paving parking lots and construction of bus canopies, to the general fund. - Cuts to programs, services, and positions will be necessary to avoid continued deficit spending. - Utilizes all bonding capacity which will prohibit or severely limit the district's ability to address future needs, such as roof and HVAC replacements, at other facilities. - Produces uncertainty around the time frame for completion of future phases, such as the auditorium, wrestling room, and competition gym. - Creates challenges in addressing unfunded expenditures that may come from state budgets and other legislative action. - Limits the board's ability to provide staff raises in the future.

Other notable factors:

- Multiple teachers have expressed concerns about the phased approach to building a new high school.
- The lack of a competition gym may negatively impact the high school's unique culture due to limitations of school wide assemblies and pep rallies.
- Other districts have used general fund money and capital outlay dollars for building projects. We are unaware of another district that has used both restricted general fund and capital outlay dollars to make bond payments for a new high school.
- This option could result in \$49,740,000 bonding capacity by July 1, 2020, if the Governor's current budget bill is passed.

Option Two

Restriction of \$950,000 (General Fund) and \$292,000 (Capital Outlay Fund) = \$50,640,000 Bonding Capacity as of February 2020

Explanation: In June 2019, the Board voted to commit \$600,000 from our General Fund along with 80% of our Capital Outlay dollars (\$292,000) as part of a BG-1 (initial document submitted to Kentucky Department of Education to begin a construction project) for a new high school. The Board voted in October 2019 to restrict an additional \$350,000 of general fund money, bringing the total general fund restriction to \$950,000. This option has the potential of funding a complete high school depending on bids and utilization of all building fund cash.

Note: According to information provided by Ross Tarrant Architects in December 2019, the cost of a complete high school is approximately \$52.4 million.

Benefits	Costs to Taxpayers	Risks
- Provides a complete school with the latest safety features and twenty-first century learning spaces to replace the current 55-year-old high school. - Includes a competition gym and auditorium. - Avoids potential increases to construction costs.	Creates the necessity for a yearly tax increase generating four percent more revenue to offset typical operational costs not covered due to the restriction of capital outlay and general fund dollars.	- Shifts costs for small projects, such as paving parking lots, to the general fund. - Cuts to programs, services, and positions will be necessary to avoid continued deficit spending. - Utilizes all bonding capacity, which will prohibit or severely limit the district's ability to address future needs, such as roof and HVAC replacements, at other facilities. - Produces uncertainty around the time frame for completion of future phases, such as the auditorium, wrestling room, and competition gym. - Creates challenges in addressing unfunded expenditures that may come from state budgets and other legislative action. - Limits the board's ability to provide staff raises in the future.

Other notable factors:

- Other districts have used general fund money and capital outlay dollars for building projects. We are unaware of another district that has used both restricted general fund and capital outlay dollars to make bond payments for a new high school.
- This option could result in \$55,225,000 of bonding capacity by July 1, 2020, if the Governor's current budget bill is passed.

Option Three

Nickel Tax = \$54,040,000 Bonding Capacity as of February 2020

Explanation: The board could opt to pass a recallable tax to address immediate and long-term facility needs, including a new high school. This tax is commonly referred to as a nickel tax because it is typically between a five and six cent tax increase. The actual amount of the tax would be determined by the Kentucky Department of Education. The nickel tax is the mechanism established by the Kentucky legislature for school districts to generate revenue for the purpose of constructing or renovating facilities.

Benefits	Costs to Taxpayers	Risks
- Provides a complete school to replace the current 55-year-old high school. An updated facility will include the latest safety features and twenty-first century learning spaces. - Eliminates the current general fund deficit by allowing the board the ability to unrestrict both capital outlay and general fund dollars. - Positions the district to not only deal with short term needs but also facility needs well into the future, i.e. the opportunity to renovate the existing high school. - Provides greater short and long term financial security.	- Increases the tax rate between five and six cents. - Provides the board greater flexibility in determining annual tax rates in the future.	- Runs the risk of not passing and bringing the community back to the current situation, which would delay the construction of a new high school. - Creates a timing issue for the board based on general elections.

Other notable factors:

- Baird (formerly Hilliard Lyons), the board's fiscal agent, stated in March 2019, options one and two could potentially cost taxpayers more than the nickel over an extended period of time if future boards maintain a flat tax rate for at least two years during that time period.
- Baird recommended the nickel tax as the most financially sound option.
- In June 2018, the nickel tax failed by a little more than 300 votes.
- This option could result in \$58,605,000 of bonding capacity by July 1, 2020, if the Governor's current budget bill is passed.

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Option Four

Restriction of \$0 (General Fund) and \$292,000 (Capital Outlay Fund) = \$30,435,000 Bonding Capacity as of February 2020

Explanation: The board could utilize the restriction of \$292,000 of capital outlay dollars to renovate the current high school.

Benefits	Costs to Taxpayers	Risks
Reduces the stress on the general fund and provides updates to the current high school.	Provides the board greater flexibility in determining annual tax rates in the future.	- Lengthens the amount of time for project completion. - Shifts costs for small projects, such as paving parking lots, to the general fund.

Other notable factors:

- This option could result in \$40,350,000 of bonding capacity by July 1, 2020, if the Governor's current budget bill is passed.

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Option Five

Restriction of \$0 (General Fund) and \$0 (Capital Outlay Fund) = \$20,245,000 Bonding Capacity as of February 2020

Explanation: The board could opt to unrestrict all funds and allow bonding capacity to grow naturally over time.

Benefits	Costs to Taxpayers	Risks
- Eliminates the projected deficit for the current fiscal year and also for the 2020-21 fiscal year. - Allows the board the ability to address costs passed on from the state level. - Provides the board the ability to consider staff raises more frequently.	Provides the board greater flexibility in determining annual tax rates in the future.	- Lengthens the amount of time students will remain in the high school under current conditions. - Increases in construction costs over time could make the high school more costly. - Increases in construction costs could outpace the increase in bonding capacity over time.

Other notable factors:

- The time frame for completing a new high school utilizing this option is uncertain due to unknown variables, such as the increase or decrease in property assessments, interest rates, and other possible facility needs that may arise over the next few years.
- This option could result in \$31,245,000 Bonding Capacity by July 1, 2020, if the Governor's current budget bill is passed.

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