

Allen County Schools

February 2024



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Existing Bond Issues and Debt Service

Bonding Capacity Update

Refinancing of Series 2013 Bonds

Summary of Outstanding Bond Issues

ISSUE	ORIGINAL PURPOSE	ORIGINAL PRINCIPAL	OUTSTANDING PRINCIPAL	DISTRICT OUTSTANDING PRINCIPAL	SFCC OUTSTANDING PRINCIPAL	INTEREST RATE RANGE ON OUTSTANDING PRINCIPAL	FIRST OPTIONAL REFINANCE/PRE-PAYMENT DATE	FINAL MATURITY
2010 QSCB	Finance improvements to Allen County High School; receive federal interest rebate	\$16,115,000	\$2,964,636	\$2,964,636	-	4.75%	09/01/2020	12/01/2027
2013	Finance construction of a new Area Technology Center	9,505,000	6,060,000	4,865,276	1,194,724	3.00 - 4.00%	10/01/2023	10/01/2033
2015 REF	Currently Refund Series of 2004 Bonds and Advance Refund Series of 2005 Bonds ⁽¹⁾	3,280,000	810,000	810,000	-	2.00 - 2.25%	non-callable	12/01/2025
2016 REF	Currently Refund Series of 2006 Bonds and Advance Refund Series of 2007 Bonds (100% SFCC) ⁽²⁾	810,000	320,000	-	240,000	2.05%	non-callable	12/01/2026
2016	Finance improvements at Allen County Middle School	8,530,000	7,105,000	6,483,864	621,136	3.00 - 3.25%	11/01/2026	11/01/2036
Total:		\$38,240,000	\$17,259,636	\$15,123,776	\$2,055,860			

(1) The Series 2004 Bonds and 2005 Bonds funded the Phase II of Allen Co Intermediate School and improvements to Allen Co High School

(2) The Series 2006 Bonds and 2007 Bonds funded the completion of improvements at James E. Bazzell Middle School

Existing District Debt Service Per Bond Issue

FY	SERIES 2010 QSCB	SERIES 2013	SERIES 2015 REF	SERIES 2016	TOTAL GROSS DEBT SERVICE	LESS: FEDERAL INTEREST REBATE ON 2010 QSCB ⁽¹⁾	NET DEBT SERVICE
2024	\$1,506,622	\$588,246	\$408,300	\$655,648	\$3,158,816	-\$721,831	\$2,436,984
2025	1,506,622	578,020	413,475	656,177	3,154,294	-721,831	2,432,463
2026	1,506,622	577,496	414,613	187,545	2,686,275	-721,831	1,964,443
2027	1,506,622	482,612		577,922	2,567,156	-721,831	1,845,324
2028	1,123,890	483,013		606,601	2,213,504	-360,916	1,852,589
2029		629,642		656,076	1,285,718		1,285,718
2030		630,861		654,351	1,285,212		1,285,212
2031		634,260		657,102	1,291,361		1,291,361
2032		631,561		654,326	1,285,887		1,285,887
2033		632,760		656,025	1,288,785		1,288,785
2034		619,635		666,976	1,286,611		1,286,611
2035				661,835	661,835		661,835
2036				665,663	665,663		665,663
2037				656,277	656,277		656,277
Total	\$7,150,376	\$6,488,106	\$1,236,388	\$8,612,523	\$23,487,393	-\$3,248,240	\$20,239,153

(1) The Federal Interest Rebate on the Series 2010 QSCBs is adjusted by 5.7% due to sequestration for FY 2024-2028. The original Federal Interest Rebate was 100% interest subsidy. The Net Debt Service schedule assumes Allen Co Schools receives a 94.3% Federal Interest Rebate (100%-5.7%).

Revenue Sources for Allen County Schools

Local Taxpayer



Taxes

Commonwealth



SEEK



Unrestricted Funds

Restricted Funds

SFCC Offers of Assistance

Funds to calculate bonding capacity

Unrestricted Funds vs. Restricted Funds

Unrestricted Funds



- Salaries
- Utilities
- Operating Expenses

Restricted Funds



- Capital Projects
- Debt Service

Calculating Restricted Revenues – Capital Outlay

Capital Outlay Funds – provide funding for capital construction and renovation based on student population

- Funded by the State; authorized in 1954 by statute
- Can be used for direct construction costs or to pay for debt on bonds issued on behalf of the district (80% of total funds can be used for bonding capacity)
- Relatively static capital outlay funding attributed to flat and/or declining student populations



2,702.60 (Prior Year AADA) x \$100 =
\$270,260 (Capital Outlay Fund)

$\$270,260 \times 80\% = \mathbf{\$216,208}$
(80% of Capital Outlay Funds for future bond payments)

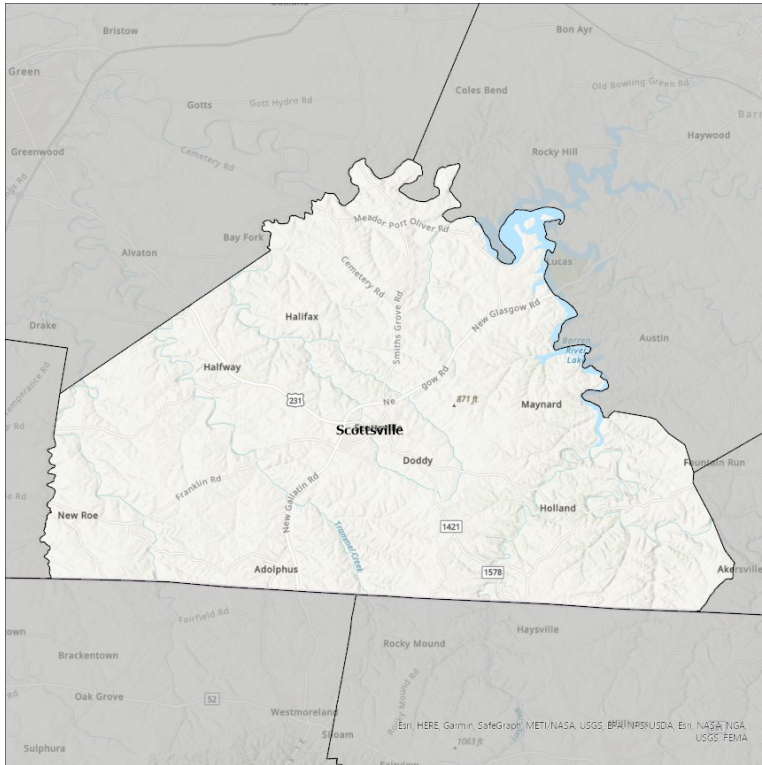
Projected Change in Total Population
2015 - 2040



Projected Population Decline Projected Population Growth

Source: Kentucky State Data Center
Projections of Population and Households, v2016

Calculating Restricted Revenues – Local FSPK Nickel



Local FSPK Nickel - equivalent of 5¢ of every \$100 of property tax revenues is restricted to pay for capital construction projects

- All 171 KY school districts levy a local FSPK nickel
 - Enacted by KERA
 - Required to qualify for State FSPK Equalization funds and SFCC offers of assistance



$\$1,560,460,939 \text{ Assessment} \times \$0.05 / \$100 =$
\$780,230 (Local Nickel)

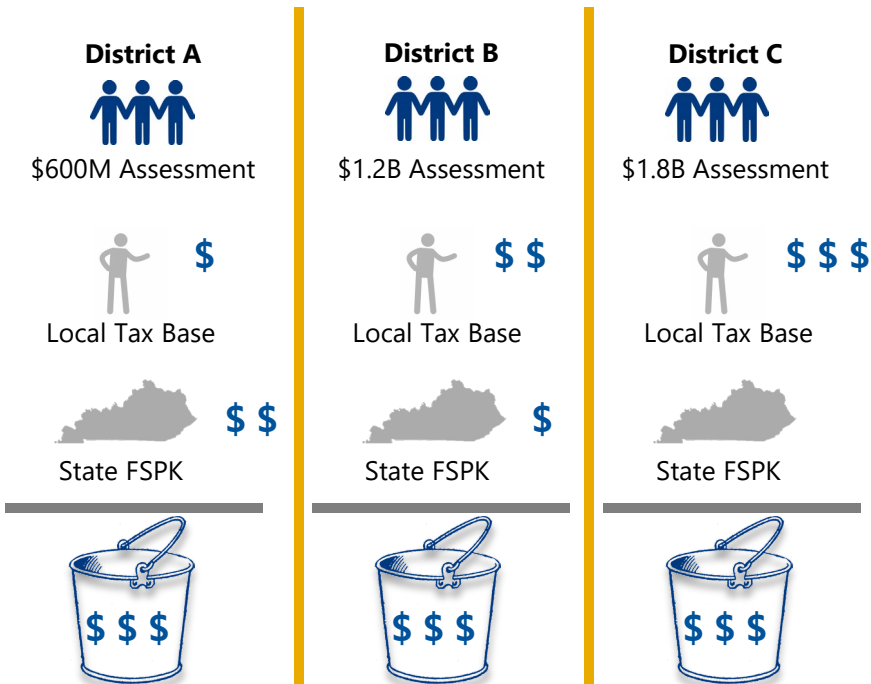


$\$780,230 \times 3 = \$2,340,690$

Calculating Restricted Revenues – State FSPK Equalization

State FSPK Equalization – these funds are used to equalize funding for districts that have lower property assessments; funding formula is in statute

Same Dollar per AADA Going to the Building Fund
Absent the Tax Assessment



2,702.60 (Prior Year AADA)

State FSPK Equalization rate per AADA: \$508

$$2,702.60 \times \$508 =$$

\$1,372,920 (Building Fund requirement)

Account for Local contribution:

$$\$1,372,920 - \$780,230 \text{ (Local Nickel)} =$$

\$592,690 (State FSPK Equalization)



$$\$592,690 \times 2 = \$1,185,380$$

FY 2024 Restricted Fund Revenues Available for Bonding Capacity

ASSESSMENT	\$1,560,460,939
PRIOR YEAR AADA PLUS GROWTH	2,702.60
FSPK EQUALIZATION PER AADA	\$508.00
Capital Outlay at 80%	\$216,208
Local FSPK Nickel	780,230
Local Equalized Facility Funding (EFF) Nickel	780,230
Local Recallable Nickel	780,230
State FSPK Equalization of Local Nickel	592,690
State FSPK Equalization of EFF Nickel	592,690
State FSPK Equalization of Recallable Nickel	-
Total Restricted Funds Available for Bonding	\$3,742,280
Available SFCC Offers of Assistance ⁽¹⁾	39,330
Total Funds Available for Debt Service	\$3,781,610

(1) Current available SFCC Offers of Assistance: 2016 Offer - \$4,970, 2018 Offer - \$17,686, 2020 Offer - \$16,674

Historical AADA and Assessments

History of Property Assessments

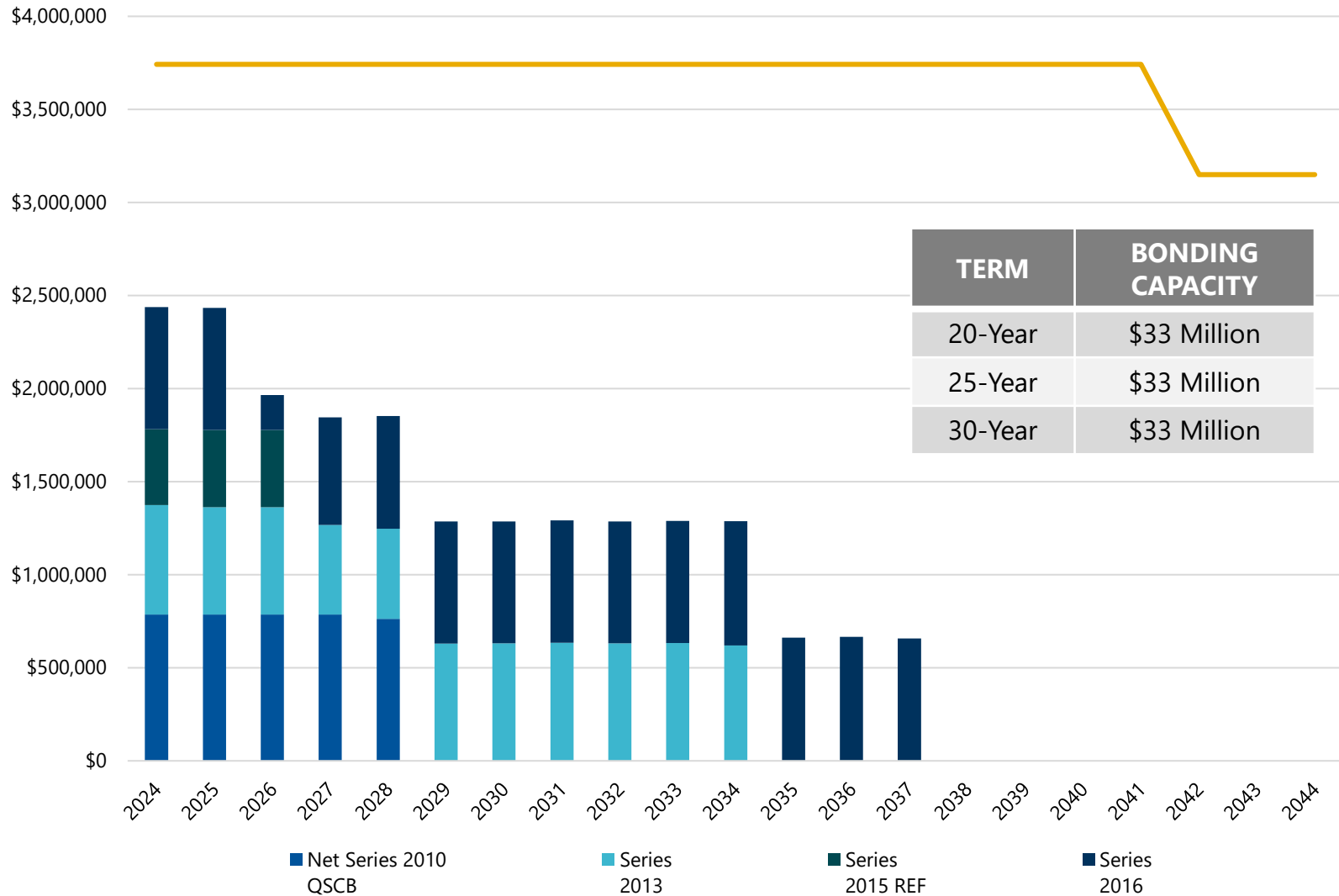
	FISCAL YEAR	TOTAL PROPERTY ASSESSMENT	\$ CHANGE	% CHANGE	AVERAGE
1	2024	\$1,560,460,939	\$140,373,343	9.9%	
2	2023	1,420,087,596	144,550,696	11.3%	
3	2022	1,275,536,900	62,099,360	5.1%	
4	2021	1,213,437,540	73,295,327	6.4%	
5	2020	1,140,142,213	107,958,867	10.5%	8.6%
6	2019	1,032,183,346	35,773,590	3.6%	
7	2018	996,409,756	42,944,793	4.5%	
8	2017	953,464,963	34,486,224	3.8%	
9	2016	918,978,739	34,582,197	3.9%	
10	2015	884,396,542	13,699,973	1.6%	6.1%

History of AADA

	SCHOOL YEAR	AADA	CHANGE	% CHANGE	AVERAGE
1	2023-24*	2,702.6	-86.4	-3.1%	
2	2022-23	2,789.0	0.0	0.0%	
3	2021-22	2,789.0	108.6	4.1%	
4	2020-21	2,680.4	-17.3	-0.6%	
5	2019-20	2,697.7	-10.7	-0.4%	0.0%
6	2018-19	2,708.4	29.7	1.1%	
7	2017-18	2,678.6	-19.6	-0.7%	
8	2016-17	2,698.2	2.6	0.1%	
9	2015-16	2,695.6	20.4	0.8%	
10	2014-15	2,675.2	52.2	2.0%	0.3%

*Estimated

Current Bonding Capacity with FY 2024 Revenues



Factors that Affect Bonding Capacity

REVENUES

- Legislative issues (other Nickels)
- Facilities Support Program of Kentucky Equalization
- Leveraging more or less than 80% Capital Outlay
- Leveraging General Fund
- Future School Facilities Construction Commission Offers of Assistance

EXPENSES

- Retiring old debt
- Refunding existing issues

EXTERNAL

- Average Daily Attendance (ADA) fluctuation
- Interest rate fluctuation

Alternative Nickel Taxes

- Growth Nickel (Statute)
- Second Growth Nickel (Budget)
- Recallable Nickel (Budget)
- Equalized Facility Funding (House Bill)
- BRAC Nickel (House Bill)
- Category 5 Nickel

- If the District sees an increase of 100 students, current 20-year bonding capacity becomes \$30 million
- If interest rates fall by 1%, current 20-year bonding capacity becomes \$41 million

FY 2025 Restricted Fund Revenues Available for Bonding Capacity

ASSESSMENT ⁽¹⁾	\$1,615,077,072
PRIOR YEAR AADA PLUS GROWTH	2,702.60
FSPK EQUALIZATION PER AADA	\$605.50
Capital Outlay at 80%	\$216,208
Local FSPK Nickel	807,539
Local Equalized Facility Funding (EFF) Nickel	807,539
Local Recallable Nickel	807,539
State FSPK Equalization of Local Nickel	828,886
State FSPK Equalization of EFF Nickel	828,886
State FSPK Equalization of Recallable Nickel at 25%	207,221
Total Restricted Funds Available for Bonding	\$4,503,817
Available SFCC Offers of Assistance ⁽²⁾	65,014
Total Funds Available for Debt Service	\$4,568,831

(1) Assumes assessment growth of 3.5% and unchanged AADA

(2) Current available SFCC Offers of Assistance: 2016 Offer - \$4,970, 2018 Offer - \$17,686, 2020 Offer - \$16,674, 2022 Offer - \$25,684

Bonding Capacity with Equalization of the Recallable Nickel at 25% and New FSPK Rate of \$605.50

History of FSPK Equalization Rates per AADA

PERIOD	FSPK RATE	\$ CHANGE	% CHANGE
2024-26	605.5	97.5	19.2%
2022-24	508.0	50.0	10.9%
2020-22	458.0	41.0	9.8%
2018-20	417.0	25.5	6.5%
2016-18	391.5	17.0	4.5%
2014-16	374.5	12.0	3.3%
2012-14	362.5	-5.5	-1.5%
2010-12	368.0	11.5	3.2%
2008-10	356.5	38.0	11.9%
2006-08	318.5	25.0	8.5%
2004-06	293.5		-
	Average		7.65%

Bonding Capacity with FY 2025 Revenues



TERM	BONDING CAPACITY
20-Year	\$49 Million
25-Year	\$56 Million
30-Year	\$59 Million

Refunding of Series 2013 Bonds

Series	Original Purpose	Original Principal	Outstanding Principal	First Optional Date to Refinance
2013	New ATC	\$9,505,000	\$6,060,000	10/01/2023

FY	Current Debt Service	Est. New Debt Service	Annual Savings
2024	\$110,805	\$97,496	\$13,309
2025	723,960	710,775	13,185
2026	723,435	708,025	15,410
2027	628,551	616,525	12,026
2028	628,953	616,275	12,678
2029	775,581	761,275	14,306
2030	776,800	761,275	15,525
2031	780,200	764,650	15,550
2032	777,500	761,400	16,100
2033	778,700	766,400	12,300
2034	739,500	724,200	15,300
Total	\$7,443,985	\$7,288,296	\$155,689

Net Present Value Savings \$139,859

Percentage of Net Present Value Savings 2.31%

	Today	-0.25%	-0.50%	-0.75%	-1.00%
Rate	3.14%	2.89%	2.63%	2.38%	2.13%
Net Present Value Savings	\$139,859	\$217,935	\$297,290	\$378,136	\$460,394
% of Net Present Value Savings	2.31%	3.60%	4.91%	6.24%	7.60%

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