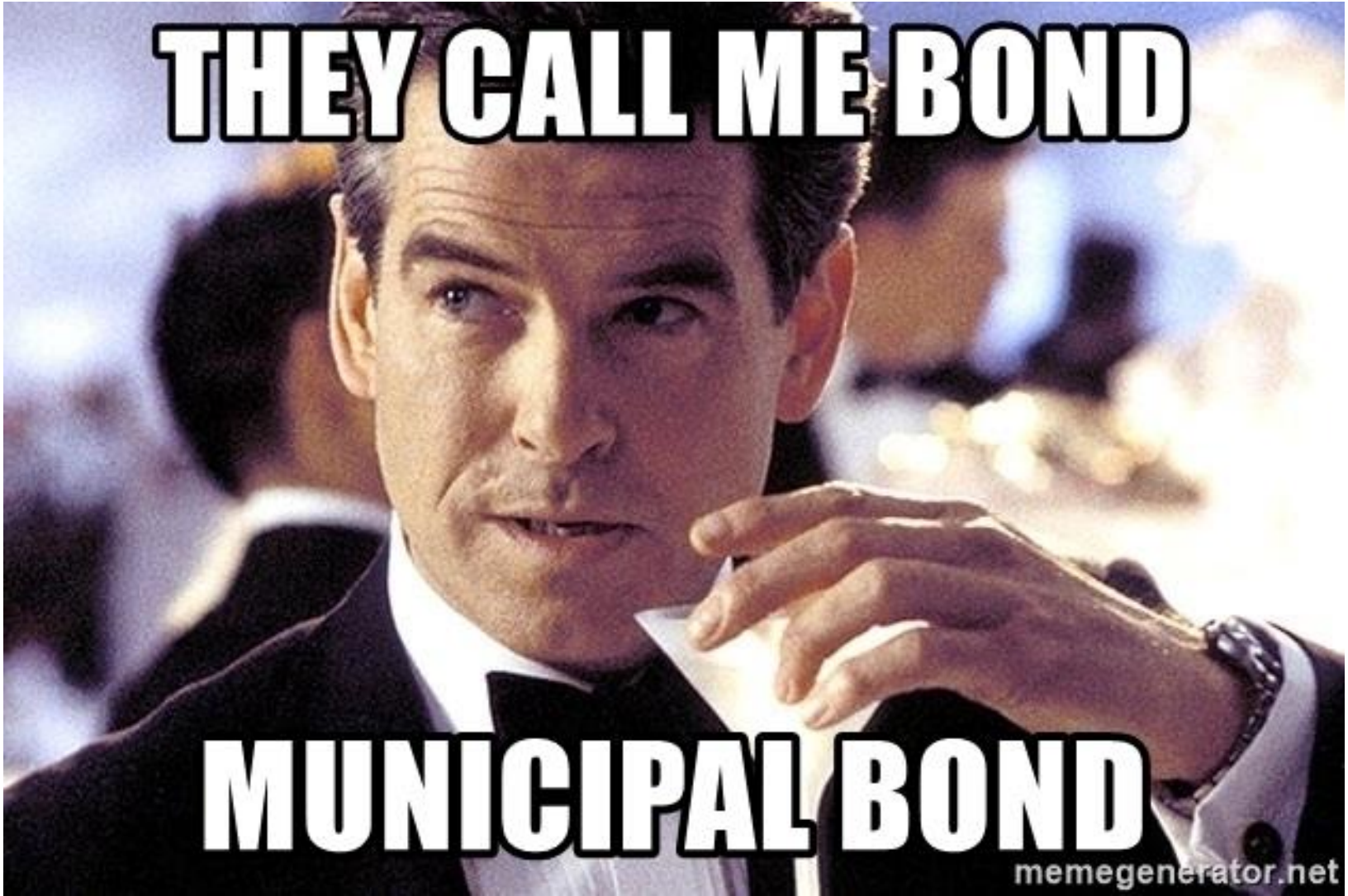


# Building Project Funding Review

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KRISTY STOICOIU, TREASURER/CFO



**THEY CALL ME BOND**

**MUNICIPAL BOND**

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# What is a Municipal Bond?

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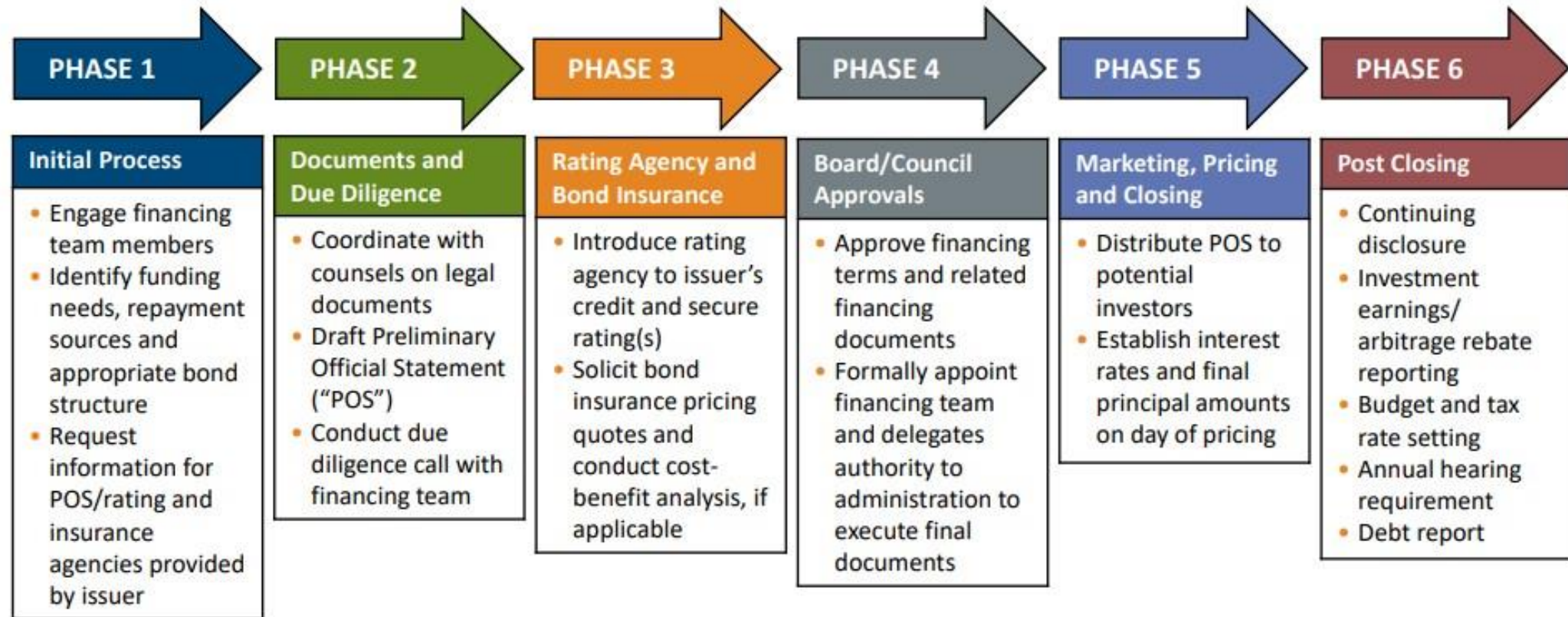
- A municipal bond is essentially a promise to repay money. In the context of municipal bonds, more technically, it's a debt security issued by a state, city, county or their agency to finance projects.
- Though they are highly regulated and complex, they are attractive to investors because they are generally issued as tax exempt bonds, which in turn allows the issuer such as a school district to receive the funds at a low interest rate.
- For the bond to be tax exempt the funds must be used for a governmental issue and used within a certain time frame.

# Bond Issuance Process

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- It is important to note that education bonds are voter-approved funds that can only be used for school facilities.
- School districts collect this money by taxing property owners on the assessed value of their properties and then sell the bond to investors.
- These funds then function similarly to a loan, like a home equity line, but for the school district.

# Bond Issuance Process



# Co-Funded Portion

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## How is the State of Ohio involved in the Building Program?

The Ohio Facilities Construction Commission (OFCC) provides funding, management oversight and technical assistance to school districts for renovation and construction of school facilities. That help comes in the form of doing building assessments to help the District evaluate the condition of schools. As a partner of the District they also co-approve project design and construction contracts.

<b>CO-FUNDED PROJECT COST</b>	
New 6-12 facility on Bolich site	\$ 87,387,350
Abate/Demo Newberry and Bolich	\$ 1,244,129
<b>Total</b>	<b>\$ 88,631,479</b>
<b>CO-FUNDED BREAKDOWN</b>	
District/Local Share (63%)	\$ 55,837,857
OFCC Share (37%)	\$ 32,793,622
<b>Total</b>	<b>\$ 88,631,479</b>

# Locally Funded Initiatives

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## What is a Locally Funded Initiative?

Locally Funded Initiatives (LFIs) are building improvement programs and/or work not funded by the Ohio Facilities Construction Commission (OFCC). An LFI must be 100% funded by the District and/or other sources of funds. Examples include renovation or construction of fixed-seat auditoriums, athletic fields, land acquisition, indoor running tracks, swimming pools and extra facilities that support community outreach programs.

<b>LOCALLY FUNDED INITIATIVES</b>	
Phasing Costs	\$ 1,200,000
4% Escalator for Market Conditions	\$ 4,272,143
New 1,400 seat PAC	\$ 9,000,000
New 5,000 seat stadium	\$ 9,300,000
Building Material Enhancement	\$ 1,000,000
<b>Total</b>	<b>\$ 24,772,143</b>

# Total Project Cost – Cuyahoga Falls CSD

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<b>TOTAL PROJECT COST</b>	
Local Share (Co-Funded Portion)	\$ 55,837,857
OFCC - State Share (Co-Funded Portion	\$ 32,793,622
Locally Funded Initiatives	\$ 24,772,143
<b>Total</b>	<b>\$ 113,403,622</b>
<b>TOTAL LOCAL SHARE/BALLOT AMOUNT</b>	
Local Share (Co-Funded Portion)	\$ 55,837,857
Locally Funded Initiatives	\$ 24,772,143
<b>Total</b>	<b>\$ 80,610,000</b>



**DO YOU WANT TO HEAR A  
CONSTRUCTION JOKE?**



**SORRY, I'M STILL  
WORKING ON IT**

# 2019 Assumptions

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- Total bond issuance: \$80,610,000
- The terms of the bonds: 36 years at a 4.5% interest rate
- 2019 Taxable Valuation - \$770,662,690
- Projected total repayment (principal and interest) - \$147,717,825
- Total millage: 5.33 mills
- Total annual cost to a home of \$100,000 value is \$186.55

# 2019

BALLOT MILLAGE CALCULATION ASSUMPTIONS		TOTAL DEBT SERVICE	
2019 TAX VALUATION	\$ 770,662,690	TOTAL PRINCIPAL	\$ 80,610,000
INTEREST RATE	4.50%	TOTAL INTEREST	\$ 67,107,825
MAXIMUM (YEARS)	36	TOTAL TAXPAYER COST	\$ 147,717,825
MILLAGE CALCULATION		COST TO HOMEOWNER	
Average Annual Interest	\$ 1,864,106	Appraised Value	\$ 100,000
Average Annual Principal	\$ 2,239,167	Taxable Value	\$ 35,000
Average Annual Debt Service	\$ 4,103,273	<i>Annual Cost</i>	\$ 186.55
		<i>Monthly Cost</i>	\$ 15.55
TOTAL MILLAGE	5.330		

# 2020 Assumptions

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- Total bond issuance: \$80,610,000
- The terms of the bonds: 36 years at a 4.5% interest rate
- 2020 Taxable Valuation - \$878,076,980
  - Real property in Summit County is assessed every three years. State law mandates that a sexennial reappraisal be performed (every six years), with the most recent effective in tax year 2020. For tax year 2020 the District's valuation increased 13.76% due to the sexennial reappraisal.
- Projected total repayment (principal and interest) - \$147,717,825
- Total millage: 4.65 mills
  - Reduced due to the increase in taxable valuation
- Total annual cost to a home of \$100,000 value is \$162.75

# 2020

BALLOT MILLAGE CALCULATION		TOTAL DEBT SERVICE	
2020 TAX VALUATION	\$ 878,076,980	TOTAL PRINCIPAL	\$ 80,610,000
INTEREST RATE	4.50%	TOTAL INTEREST	\$ 67,107,825
MAXIMUM (YEARS)	36	TOTAL TAXPAYER COST	\$ 147,717,825
MILLAGE CALCULATION		COST TO HOMEOWNER	
Average Annual Interest	\$ 1,864,106	Appraised Value	\$ 100,000
Average Annual Principal	\$ 2,239,167	Taxable Value	\$ 35,000
Average Annual Debt Service	\$ 4,103,273	<i>Annual Cost</i>	\$ 162.75
		<i>Monthly Cost</i>	\$ 13.56
TOTAL MILLAGE	4.650		

# 2021 Actual

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- Bonds were sold in May 2021 at an average rate of 2.72% interest. A decrease from anticipated interest rates of 4.50%.
- The District also received \$5,147,135 in Additional Proceeds on the sale of bonds.
- The District has been collecting proceeds on the bond levy since tax year 2020. Those funds are kept separate in a bond retirement fund and can only be used to pay back bond debt.
- The first three years of repayment the District will make \$14,230,000 in principal payments with a combination of the Additional Proceeds and the tax revenue that has already been collected.
- As a result of the lower interest rate and large principal payments, taxpayers will save \$20,563,702 compared to 2019 assumptions.

# 2021

BALLOT MILLAGE CALCULATION		TOTAL DEBT SERVICE	
2020 TAX VALUATION*	\$ 878,076,980	TOTAL PRINCIPAL	\$ 80,610,000
INTEREST RATE	2.72%	TOTAL INTEREST	\$ 46,544,123
MAXIMUM (YEARS)	36	TOTAL TAXPAYER COST	\$ 127,154,123
MILLAGE CALCULATION		COST TO HOMEOWNER	
Average Annual Interest	\$ 1,329,832	Appraised Value	\$ 100,000
Average Annual Principal	\$ 2,303,143	Taxable Value	\$ 35,000
Average Annual Debt Service	\$ 3,632,975	<i>Annual Cost</i>	\$ 162.75
		<i>Monthly Cost</i>	\$ 13.56
TOTAL MILLAGE	4.65		

# Bond Proceeds

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<b>BOND PROCEEDS</b>	
<b>All-In True Interest Cost</b>	<b>2.722698%</b>
Par	\$ 80,610,000
Net Premium	\$ 6,150,715
<b>Total Revenue</b>	<b>\$ 86,760,715</b>
Less Fees	\$ (1,003,580)
<b>Total Proceeds</b>	<b>\$ 85,757,135</b>

<b>BREAKDOWN</b>	
Local Share (Co-Funded Portion)	\$ 55,837,857
Locally Funded Initiatives	\$ 24,772,143
Additional Proceeds	\$ 5,147,135
<b>Total Proceeds</b>	<b>\$ 85,757,135</b>



# Debt Service Schedule

YEAR	BEGINNING BALANCE	PRINCIPAL	INTEREST	TOTAL PAYMENT	ENDING BALANCE	YEAR	BEGINNING BALANCE	PRINCIPAL	INTEREST	TOTAL PAYMENT	ENDING BALANCE
1	\$ 80,610,000	\$7,460,000	\$1,200,998	\$8,660,998	\$ 73,150,000	19	\$ 43,570,000	\$ 1,965,000	\$ 1,379,125	\$ 3,344,125	\$ 41,605,000
2	\$ 73,150,000	\$3,900,000	\$2,380,775	\$6,280,775	\$ 69,250,000	20	\$ 41,605,000	\$ 2,025,000	\$ 1,320,175	\$ 3,345,175	\$ 39,580,000
3	\$ 69,250,000	\$2,870,000	\$2,263,775	\$5,133,775	\$ 66,380,000	21	\$ 39,580,000	\$ 2,085,000	\$ 1,259,425	\$ 3,344,425	\$ 37,495,000
4	\$ 66,380,000	\$1,170,000	\$2,177,675	\$3,347,675	\$ 65,210,000	22	\$ 37,495,000	\$ 2,150,000	\$ 1,196,875	\$ 3,346,875	\$ 35,345,000
5	\$ 65,210,000	\$1,205,000	\$2,142,575	\$3,347,575	\$ 64,005,000	23	\$ 35,345,000	\$ 2,215,000	\$ 1,132,375	\$ 3,347,375	\$ 33,130,000
6	\$ 64,005,000	\$1,240,000	\$2,106,425	\$3,346,425	\$ 62,765,000	24	\$ 33,130,000	\$ 2,280,000	\$ 1,065,925	\$ 3,345,925	\$ 30,850,000
7	\$ 62,765,000	\$1,290,000	\$2,056,825	\$3,346,825	\$ 61,475,000	25	\$ 30,850,000	\$ 2,350,000	\$ 997,525	\$ 3,347,525	\$ 28,500,000
8	\$ 61,475,000	\$1,340,000	\$2,005,225	\$3,345,225	\$ 60,135,000	26	\$ 28,500,000	\$ 2,420,000	\$ 927,025	\$ 3,347,025	\$ 26,080,000
9	\$ 60,135,000	\$1,395,000	\$1,951,625	\$3,346,625	\$ 58,740,000	27	\$ 26,080,000	\$ 2,490,000	\$ 854,425	\$ 3,344,425	\$ 23,590,000
10	\$ 58,740,000	\$1,450,000	\$1,895,825	\$3,345,825	\$ 57,290,000	28	\$ 23,590,000	\$ 2,590,000	\$ 754,825	\$ 3,344,825	\$ 21,000,000
11	\$ 57,290,000	\$1,510,000	\$1,837,825	\$3,347,825	\$ 55,780,000	29	\$ 21,000,000	\$ 2,695,000	\$ 651,225	\$ 3,346,225	\$ 18,305,000
12	\$ 55,780,000	\$1,570,000	\$1,777,425	\$3,347,425	\$ 54,210,000	30	\$ 18,305,000	\$ 2,805,000	\$ 543,425	\$ 3,348,425	\$ 15,500,000
13	\$ 54,210,000	\$1,630,000	\$1,714,625	\$3,344,625	\$ 52,580,000	31	\$ 15,500,000	\$ 2,915,000	\$ 431,225	\$ 3,346,225	\$ 12,585,000
14	\$ 52,580,000	\$1,695,000	\$1,649,425	\$3,344,425	\$ 50,885,000	32	\$ 12,585,000	\$ 3,030,000	\$ 314,625	\$ 3,344,625	\$ 9,555,000
15	\$ 50,885,000	\$1,750,000	\$1,598,575	\$3,348,575	\$ 49,135,000	33	\$ 9,555,000	\$ 3,105,000	\$ 238,875	\$ 3,343,875	\$ 6,450,000
16	\$ 49,135,000	\$1,800,000	\$1,546,075	\$3,346,075	\$ 47,335,000	34	\$ 6,450,000	\$ 3,185,000	\$ 161,250	\$ 3,346,250	\$ 3,265,000
17	\$ 47,335,000	\$1,855,000	\$1,492,075	\$3,347,075	\$ 45,480,000	35	\$ 3,265,000	\$ 3,265,000	\$ 81,625	\$ 3,346,625	\$ -
18	\$ 45,480,000	\$1,910,000	\$1,436,425	\$3,346,425	\$ 43,570,000	<b>Totals</b>		<b>\$ 80,610,000</b>	<b>\$ 46,544,123</b>	<b>\$ 127,154,123</b>	

# Taxpayer Cost

YEAR	TOTAL VALUATION	TOTAL PAYMENT	MILLAGE	COST PER YEAR FOR \$100,000 VALUE HOME	YEAR	TOTAL VALUATION	TOTAL PAYMENT	MILLAGE	COST PER YEAR FOR \$100,000 VALUE HOME
2021	\$ 878,076,980	\$ 8,660,998	4.65	\$ 162.75	2039	\$ 1,066,027,945	\$ 3,344,125	3.23	\$ 113.05
2022	\$ 879,454,701	\$ 6,280,775	4.65	\$ 162.75	2040	\$ 1,067,712,935	\$ 3,345,175	3.23	\$ 113.05
2023	\$ 880,835,177	\$ 5,133,775	4.65	\$ 162.75	2041	\$ 1,069,401,294	\$ 3,344,425	3.22	\$ 112.70
2024	\$ 906,888,991	\$ 3,347,675	3.81	\$ 133.35	2042	\$ 1,101,112,092	\$ 3,346,875	3.13	\$ 109.55
2025	\$ 908,313,725	\$ 3,347,575	3.80	\$ 133.00	2043	\$ 1,102,854,580	\$ 3,347,375	3.13	\$ 109.55
2026	\$ 909,741,309	\$ 3,346,425	3.79	\$ 132.65	2044	\$ 1,104,600,553	\$ 3,345,925	3.12	\$ 109.20
2027	\$ 936,662,307	\$ 3,346,825	3.68	\$ 128.80	2045	\$ 1,137,367,329	\$ 3,347,525	3.03	\$ 106.05
2028	\$ 938,135,659	\$ 3,345,225	3.68	\$ 128.80	2046	\$ 1,139,169,278	\$ 3,347,025	3.03	\$ 106.05
2029	\$ 939,611,958	\$ 3,346,625	3.67	\$ 128.45	2047	\$ 1,140,974,831	\$ 3,344,425	3.02	\$ 105.70
2030	\$ 967,429,075	\$ 3,345,825	3.57	\$ 124.95	2048	\$ 1,174,832,835	\$ 3,344,825	2.94	\$ 102.90
2031	\$ 968,952,704	\$ 3,347,825	3.56	\$ 124.60	2049	\$ 1,176,696,274	\$ 3,346,225	2.93	\$ 102.55
2032	\$ 970,479,380	\$ 3,347,425	3.56	\$ 124.60	2050	\$ 1,178,563,440	\$ 3,348,425	2.93	\$ 102.55
2033	\$ 999,222,521	\$ 3,344,625	3.45	\$ 120.75	2051	\$ 1,213,549,102	\$ 3,346,225	2.84	\$ 99.40
2034	\$ 1,000,798,142	\$ 3,344,425	3.45	\$ 120.75	2052	\$ 1,215,476,129	\$ 3,344,625	2.84	\$ 99.40
2035	\$ 1,002,376,915	\$ 3,348,575	3.44	\$ 120.40	2053	\$ 1,217,407,011	\$ 3,343,875	2.83	\$ 99.05
2036	\$ 1,032,076,981	\$ 3,346,075	3.34	\$ 116.90	2054	\$ 1,253,557,980	\$ 3,346,250	2.75	\$ 96.25
2037	\$ 1,033,706,369	\$ 3,347,075	3.34	\$ 116.90	2055	\$ 1,255,550,765	\$ 3,346,625	2.75	\$ 96.25
2038	\$ 1,035,339,016	\$ 3,346,425	3.33	\$ 116.55	<b>TOTALS</b>		<b>\$ 70,274,173</b>		<b>\$ 2,359.70</b>

# Comparison: 2019 vs. 2021

BALLOT MILLAGE CALCULATION	
2019 TAX VALUATION	\$ 770,662,690
INTEREST RATE	4.50%
YEARS	36
TOTAL DEBT SERVICE	
TOTAL PRINCIPAL	\$ 80,610,000
TOTAL INTEREST	\$ 67,107,825
TOTAL TAXPAYER COST	\$ 147,717,825
TOTAL MILLAGE EACH YEAR	5.330
TOTAL COST FOR \$100,000 HOME VALUE FOR 36 YEARS	\$ 6,529.25

BALLOT MILLAGE CALCULATION	
2021 TAX VALUATION*	\$ 878,076,980
INTEREST RATE	2.72%
YEARS	35
<i>* Tax Valuation Increases with Historical Trends each Year</i>	
TOTAL DEBT SERVICE	
TOTAL PRINCIPAL (BOND ISSUE)	\$ 80,610,000
TOTAL INTEREST	\$ 46,544,123
TOTAL TAXPAYER COST	\$ 127,154,123
TOTAL MILLAGE EACH YEAR	VARIES
TOTAL COST FOR \$100,000 HOME VALUE FOR 35 YEARS	\$ 4,142.95

Total savings over the term of the bonds for a home value of \$100,000 is \$2,386.30.  
An overall savings of 36.5%!



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Not to be dramatic but the sun setting  
at 5:00pm everyday has ruined my life

# Where are we now? Funding Breakdown

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- Debt Service Fund – 002 – Bond Retirement
  - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.
- Special Revenue Funds – Fund 034 – Classroom Facilities Maintenance
  - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects
  - In accordance with the Project Agreement, each district is required to establish a Maintenance Fund 034 for the deposit of the half-mill maintenance levy, or an allowed alternative. Any amount required for maintenance shall be deposited into a separate fund established by the school district for purposes of maintaining the new facility.

# Where are we now? Funding Breakdown

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- Capital Projects Funds – Fund 004/010 – LFI/Classroom Facilities
  - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
  - Locally Funded Initiatives (LFI) are 100% local funds that a school district has elected to fund separately from the project co-funded by the state. The school district assumes all financial responsibility for the LFI and that portion of any project is not subject to Commission approval. Moneys supporting the LFI are not to be deposited in the Project Construction Fund. The Commission, however, will approve contracts and change orders that incorporate work related to the LFI, as long as the financial accounting of the moneys to fund it are maintained separate and distinct from the project funded through the Commission.

# Where are we now? Funding Breakdown

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## • Capital Projects Funds – Fund 004/010 – LFI/Classroom Facilities

- In accordance with the Project Agreement, two separate funds must be maintained for the co-funded project: the State share and the Local Share within Fund 010 with the use of Special Cost Centers to distinguish between the funds.
- There are four specific revenue streams that must be accounted for and individually tracked by the school district:
  - Local Revenue (through bonds or cash from other local sources) – The project agreement specifies that bond or note proceeds be deposited in the project construction fund within thirty days of sale to maximize local interest earnings.
  - Interest on Local Funds – This is the interest earnings from the investment of local moneys deposited in the local share Project Construction Fund.
  - State Revenue – Commonly received through what are referred to as “drawdowns,” this is the state moneys allocated to the school district quarterly, based on the cash flow needs of the project.
    - Spending Schedule The school district will receive state funds on a quarterly basis. The Commission project manager or its representative will develop a spending schedule that covers the projected timeline of the project and that also considers local arbitrage and cash flow needs. This schedule will track expenditures and revenues to the fund and the state and local shares of each.
  - Interest on State Funds – This is the interest earnings from the investment of state moneys received and held in the state share Project Construction Fund. All revenue streams must be deposited into the Project Construction Fund and tracked separately, using special cost centers.

# Where are we now? Funding Breakdown

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- Fund 002-9921

- Revenue Source: Additional Proceeds from Sale of Bonds
- Generated \$5,147,135
- Financial Institution: Red Tree Investments – Separate Account
- Use: Payment for Principal and Interest on Bonds
- All funds have been expended as of December 2022

- Fund 002-9900

- Revenue Source: Local Tax Dollars, currently collecting at approximately 4.82 mills (5.33 voted)
- Generates approximately \$4,163,086 per year for 36 years
- Financial Institution: Huntington Bank Account/Star Ohio General
- Use: Payment for Principal and Interest on Bonds



# Where are we now? Funding Breakdown

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- Fund 034-9220

- Revenue Source: Local Tax Dollars, currently collecting at approximately .50 mill
- Generates approximately \$390,268 per year for a continuing period of time
- Financial Institution: Huntington Bank Account/Star Ohio General

- Fund(s) 004-96x0

- Revenue Source: Proceeds from Sale of Bonds in June 2021/Interest
- Generated \$24,772,143
- Financial Institution: Red Tree Investments – Separate Account
- 004-9600 – Integral to 6-12 Building
- 004-9610 – Interest
- 004-9620 – Non-Integral, Stadium

# Where are we now? Funding Breakdown

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- Fund(s) 010-9500/9510 – Local Share – 63%
  - Revenue Source: Proceeds from Sale of Bonds in June 2021/Interest
  - Generated \$55,837,857
  - Use: Construction Expenditures - 6-12 Building, Co-Funded Portion
  - Financial Institution: Red Tree Investments – Separate Account
  - 010-9500 – 6-12 Building
  - 010-9510 – Interest
- Fund(s) 010-9550/9560 – State Share – 37%
  - Revenue Source: OFCC, Quarterly Drawdowns
  - Use: Construction Expenditures- 6-12 Building, Co-Funded Portion
  - Financial Institution: Star Ohio – Construction Account
  - 010-9550 – 6-12 Building
  - 010-9560 – Interest

**PRESENTATION OVER**



**ANY QUESTIONS?**

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