
Twin Falls School District No. 411

Bond and Levy Plan Review

Bond Refinancing Analysis

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Review Of District's Historical Levy Management & Levy Elections

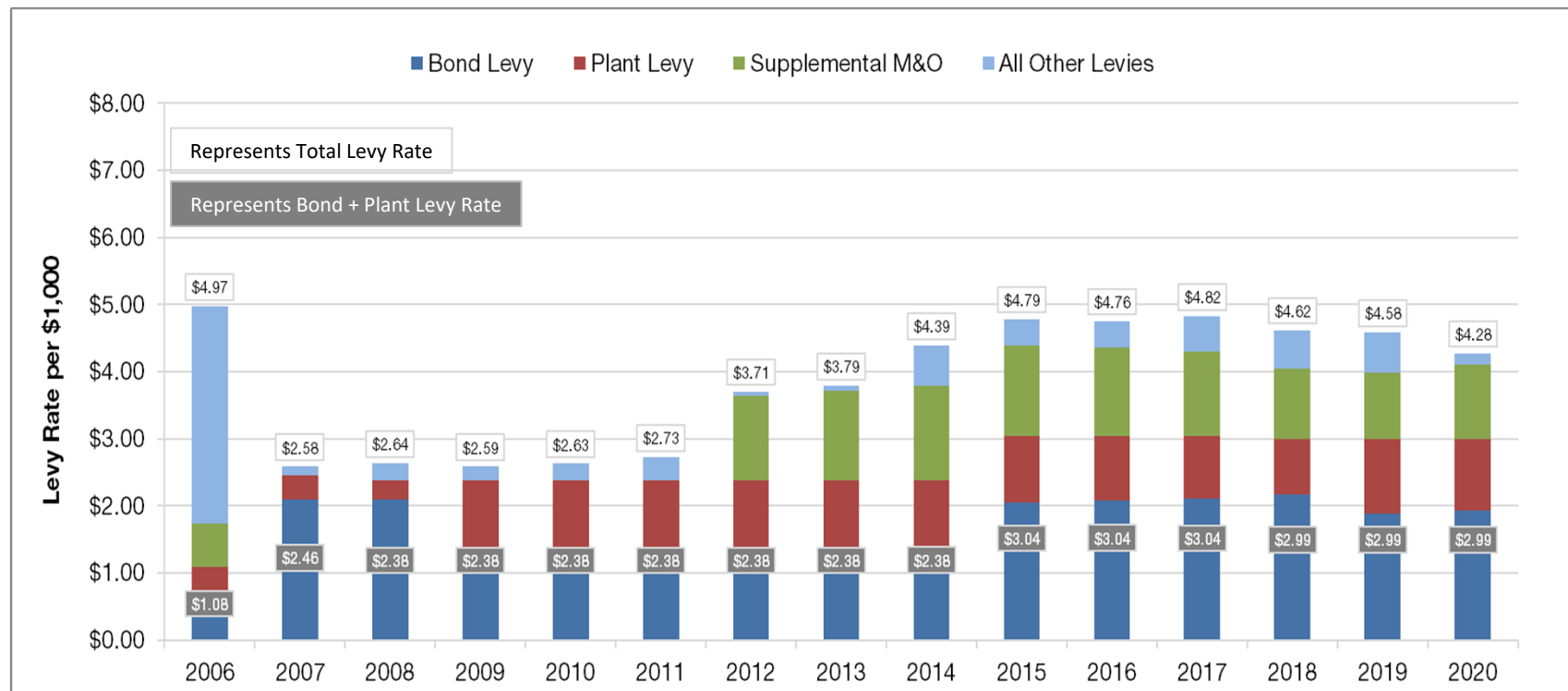
- The District has historically managed its bond & plant levy tax rates to maintain a combined level tax rate.
 - The combined tax rate for the District's bond & plant levies was \$2.38 per \$1,000 in 2008-2014.
 - The combined bond & plant tax rate increased to \$3.04 per \$1,000 in Fiscal Year 2015 following the approval of the District's 2014 Bond election.
 - The combined bond & plant tax rate decreased to \$2.99 per \$1,000 in Fiscal Year 2018 concurrent with the approval of the District's 2018 Plant Levy election.
 - The District also has a voter approved Supplemental M&O Levy

Date of Election	Election Type	% approval	Pass/Fail	Amount	Term/Duration
2006	Bond	68.00%	Pass	\$49,705,000	20 years
2008	Plant Levy	65.36%	Pass	\$3,300,000	10 years
2011	Supplemental M& O	55.46%	Pass	\$3,750,000	2 years
2013	Supplemental M& O	65.81%	Pass	\$4,500,000	2 years
2014	Bond	67.70%	Pass	\$73,860,000	20 years
2015	Supplemental M& O	67.24%	Pass	\$4,500,000	2 years
2017	Supplemental M& O	67.94%	Pass	\$4,250,000	2 years
2018	Plant Levy	70.86%	Pass	\$4,750,000	10 years
2019	Supplemental M& O	62.41%	Pass	\$5,000,000	2 years

Source: Idaho Department of Education

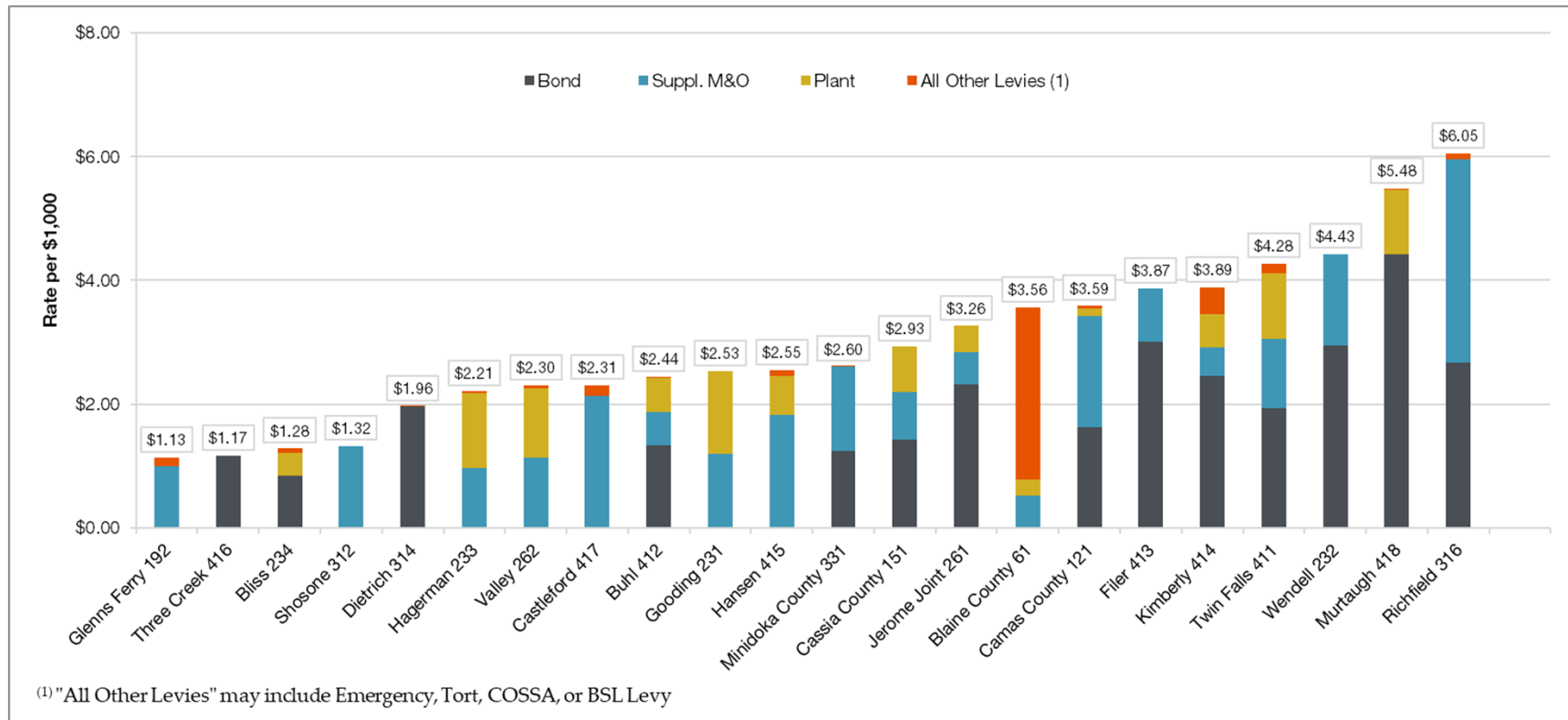
Property Tax Levy History

The following charts illustrate the District's historical property tax levy rate per \$1,000.



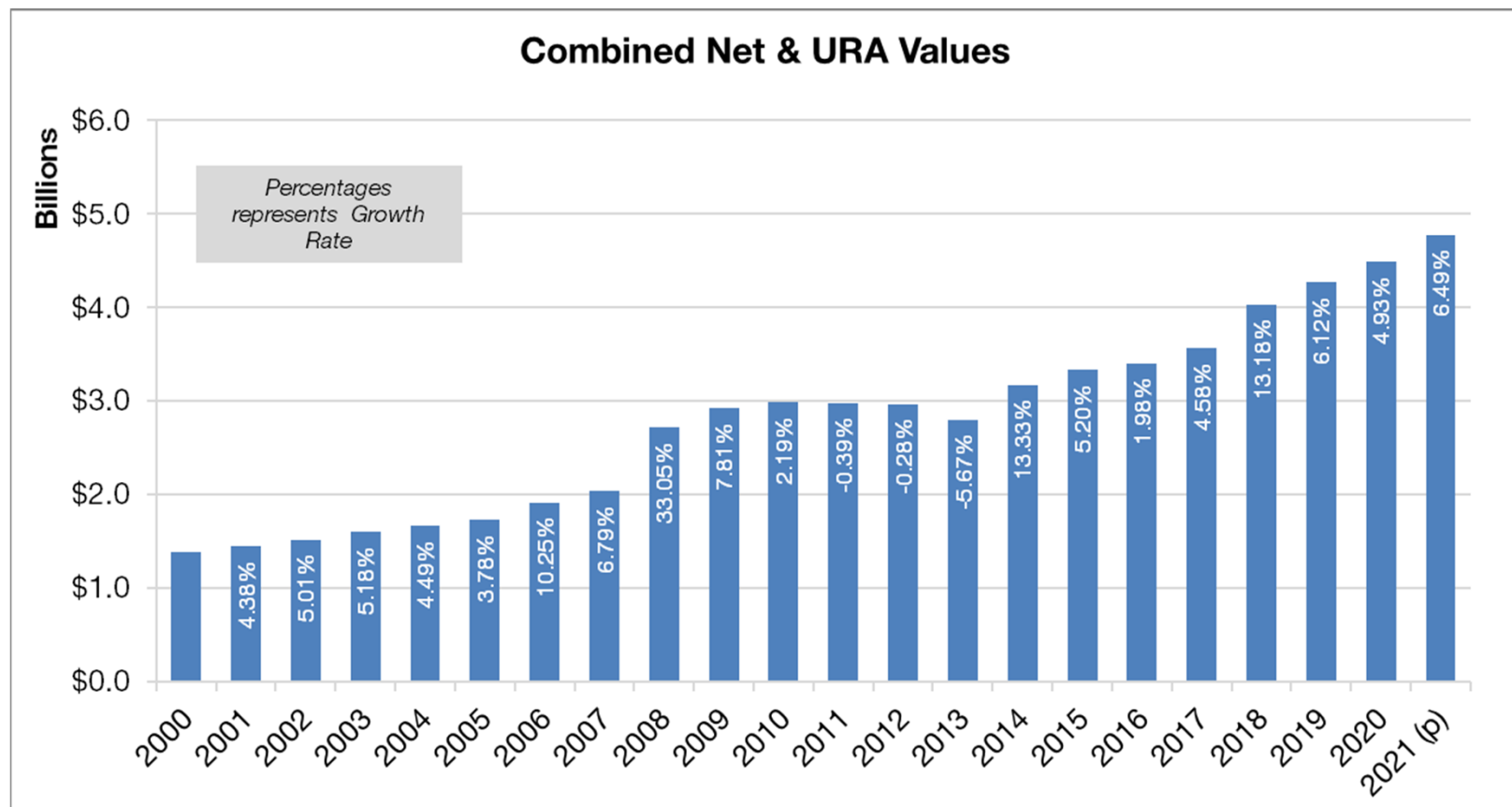
Comparison of Region IV School Property Tax Rates (FY 2020)

The following is a comparison of Fiscal Year 2020 total property tax rates for Region IV school districts. The Statewide Average school district property tax rate for Fiscal Year 2020 is \$3.08 per \$1,000.



Market Value Update

The District's market value has increased substantially over the past 4 years. The preliminary market value for FY 2021 indicates another 6.49% increase which would result in over \$4.7 billion of taxable market value. The District's 20-year compound growth rate is 6.05%.



Levy Plan Update

The District's is considering a future levy plan that would decrease the bond levy amount by \$1.0 million in FY 2021 and a further \$1.0 million reduction in FY 2022 in conjunction with the proposal to increase the Supplemental Levy amount by \$1.0 million at the March 2021 election.

	Actual Levy Amounts				Projected Levy Amounts	
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 (Preliminary)	FY 2022 (Planning)
Supplemental M&O	4,500,000	4,250,000	4,250,000	5,000,000	5,000,000	6,000,000
Plant Levy	3,300,000	3,300,000	4,750,000	4,750,000	4,750,000	4,750,000
Bond Levy	7,344,288	8,537,271	7,851,982	8,534,614	7,500,000	6,500,000
Tort/Judgment	61,760	38,550	56,856	72,693	89,855	89,855
Emergency	1,771,378	2,264,020	2,472,810	659,202	460,145	460,145
Total	16,977,426	18,389,841	19,381,648	19,016,509	17,800,000	17,800,000
\$ Increase over prior year		1,412,415	991,807	(365,139)	(1,216,509)	-
% Increase over prior year		8%	5%	-2%	-6%	0%
Combind Tax Rate (per \$1,000)	4.82	4.62	4.58	4.28	3.77	3.77

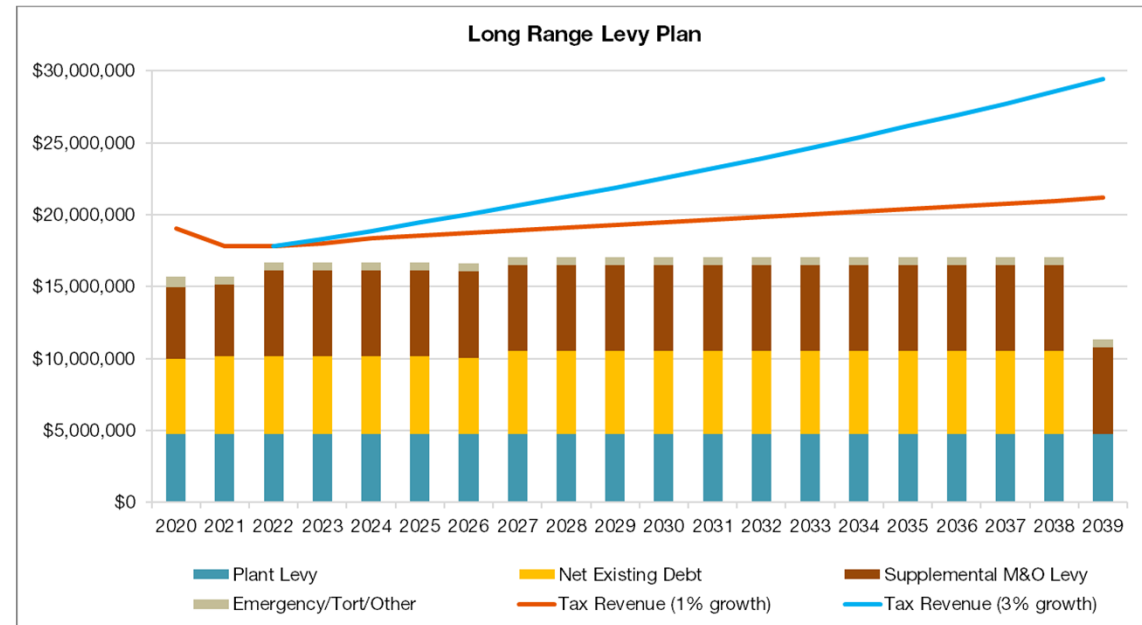
- The District's annual bond payment is \$6.5 million. However the District receives annual bond levy subsidy payments from the State that have averaged \$1.3 million over the past 5 years and thus the minimum needed from the bond levy is \$5.2 million.
- The District has built up approximately \$5.6 million of reserves in the bond fund.

Long Range Levy Plan Update

The following chart plots the projected future tax revenue against existing and planned levy needs.

Revenue Projections:

- Total tax revenue declines to \$17.8 million in 2021 and 2022.
- The solid orange line represents revenue growth (beginning in 2023) from 1% annual increase in market value and \$3.77 tax rate
- The solid blue line represents revenue revue growth (beginning in 2023 from 3% annual increase in market value and \$3.77 tax rate. 3% growth is $\frac{1}{2}$ of the most recent 20 year compound growth rate.



Levy Need Projections:

- Supplemental Levy increases to \$6.0 million in FY 2022 and renewed at that amount every 2 year
- Plant Levy renewed at existing \$4.75 million amount
- Existing bond payments shown are net of expected levy equalization offset
- Tort, Emergency and other levies are held constant at current levels

Annual Bond Levy Calculation

Idaho Code 33-802A. Computation of bond and bond interest levies. When the board of trustees of any school district determines and makes a levy allowed by section 33-802, Idaho Code, and incorporates such levy as a part of the school district's budget to service all maturing bond and bond interest payments for the ensuing fiscal year, it shall take into consideration any state bond levy equalization funds provided pursuant to section 33-906, Idaho Code, and any balances remaining or that may remain in its bond interest and redemption fund after meeting its bond and bond interest obligations for its current fiscal year. The levy so made for the ensuing fiscal year shall be an amount which, together with any state bond levy equalization funds provided pursuant to section 33-906, Idaho Code, and the balance in its bond interest and redemption fund remaining after meeting its current fiscal year bond and bond interest obligations, shall satisfy all maturing bond and bond interest payments for at least the ensuing twelve (12) months, and not to exceed the ensuing twenty-one (21) months counted from July 1 of the current calendar year.

The Calculation of the District's maximum bond levy for FY 2021 is shown in the chart to the right.

The District's FY 2020 Bond Levy was \$8,534,614.

21 month Levy Estimate

July 1, 2020	to	December 31, 2020	\$	4,763,172
January 1, 2021	to	December 31, 2021	\$	6,495,444
January 1, 2022	to	March 31, 2022	\$	1,630,572
Total due (21 Months)			\$	12,889,188
Less:				
Est. Cash Balance in bond fund on 9/1/2020				(5,671,296)
Expected BLEP received on 9/1/2020				(1,265,215)
Levy Amount allowed by 33-802A			\$	5,952,677
Projected Levy				7,500,000

How to utilize bond fund reserves

Bond fund reserves can be used in the following manner:

- Utilize to make subsequent year bond payments and lower bond levy amount
- Transfer \$5 million to a defeasance escrow (similar to 2018)
- Transfer \$5 million to a defeasance escrow in conjunction with bond refinancing/restructure

	Do Nothing	Execute Levy Plan on Slide 6	Execute Levy Plan on Slide 6
Action Required	None	Defeasance	Refinance/ Restructure
Max Bond Levy (33-802A)	\$5,952,677	\$10,952,677	\$10,952,677
Projected Bond Levy needed (to meet planning target)	\$7,500,000	\$7,500,000	\$7,500,000
FY 2021 Bond Levy Amount Change	(\$2,547,325)	(\$1,034,614)	(\$1,034,614)
Estimated Interest Costs Savings	None	\$2,274,656	\$10,345,936
Final Maturity of Existing Bonds	2038	2038	2036

Bond Refunding Opportunity

Historically low interest rates provide a refinancing opportunity for the District's Series 2014A Bonds.

- Savings Analysis based on taxable interest rates as of 6/22/2020
- 2017 tax law change eliminated the ability for advance refunding bonds to be issued with tax-exempt interest rates
- Taxable interest rates on municipal bonds have declined significantly as the market for taxable municipal bonds has grown since 2017.

Refunding Candidate

	Series 2014A
Callable Principal	\$62,460,000
Callable Maturities	2026-2038
Average Coupon	4.36%
Call Date	9/15/2024

Estimated Refunding Savings

Date of Analysis	6/22/2020
All-In True Interest Cost	2.09%
Cash Flow Savings	\$10,346,000
Net Present Value Savings \$	\$5,971,000
Net Present Value Savings %	9.56%

Annual Savings Analysis

(taxable interest rates as of 6/22/2020)

- The refunding analysis assumes \$5.0 million transferred from existing bond reserves to the refunding
- The refinancing provides an opportunity to restructure bond payments to keep annual debt service at \$6.5 million and pay bonds off sooner.

Calendar Year	Existing Bond Payments	Bond Payments After Refunding	Refunding Savings
2021	6,495,444	6,490,148	5,295
2022	6,496,144	6,497,355	(1,211)
2023	6,499,394	6,498,430	964
2024	6,495,394	6,500,905	(5,511)
2025	6,498,581	6,498,767	(186)
2026	6,402,581	6,496,092	(93,511)
2027	6,404,581	6,497,067	(92,486)
2028	6,405,581	6,498,592	(93,011)
2029	6,405,381	6,500,217	(94,836)
2030	6,403,369	6,496,492	(93,124)
2031	6,403,919	6,497,192	(93,274)
2032	6,401,606	6,499,345	(97,739)
2033	6,404,431	6,498,352	(93,921)
2034	6,402,581	6,498,875	(96,293)
2035	6,405,831	6,498,526	(92,695)
2036	6,401,775	2,922,064	3,479,711
2037	6,406,388		6,406,388
2038	6,401,375		6,401,375
Totals	115,734,356	100,388,420	15,345,936

Less: Contribution from Bond Fund (5,000,000)

Equals: Net Cash Flow Savings 10,345,936

Refunding Considerations

1. The refunding provides an opportunity to restructure debt service payments and concentrate savings in certain years. The District could consider the effect of a refunding on future borrowing or levy plans and if savings should be concentrated in certain years.
2. Reduced Bond Levy Equalization Subsidy: The State will “share” in the savings through levy equalization payments that reflect the lower debt service after the refunding.
3. Refunding Bonds are allowed without a vote, but must meet the following criteria.
 - Cannot exceed the repayment term of the refunded bonds
 - Cannot increase the principal amount of debt outstanding
 - Must produce debt service savings (overall)
5. The Idaho School Bond Guaranty Program requires a minimum 5% Present Value (PV) savings threshold to utilize the program for bond refinancing.
6. The District could wait until within 90 days of the 9/15/2024 call date to qualify as a “current refunding” and utilize tax-exempt interest rates.

Interest Rates

Tax-Exempt and Taxable Interest Rate History 10-Year Maturity

