



Bloomington  
School District 13  
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**To:** Dr. Jon Bartelt  
Board of Education

**From:** Mr. John Reiniche

A handwritten signature in blue ink, appearing to read 'John Reiniche', is written over the printed name.

**Date:** August 17, 2018

**Re:** Financing for Capital Project

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**Background:**

The District is considering a \$8.0 million capital project for an addition at Westfield Middle School. The District has just completed the programming phase, which took place last winter/spring. The District is now entering the schematic design stage. The schematic design stage will develop detailed drawings that will determine, including, but not limited to, the building's structure, storm water requirements, and construction materials. In addition, the schematic design will allow our construction manager to provide a more accurate estimate of the costs. In the interim, the District will need to consider funding options for said project.

**Situation:**

The District is considering funding the \$8.0 million capital project from two sources; refinancing current debt certificates and fund balance reserves. It is estimated that refinancing our debt will allow the funding of approximately \$1.3 million of the project, while the remaining \$6.7 million estimated constructions costs will require using fund balance reserves. As the District plans for funding this project, there are items that require consideration. They are as follows:

- The Education Fund is projected to have a \$250,000 structural deficit;
- Negotiations;
  - Not knowing the largest expenditure (teacher salaries)
  - Perception of using fund balances for projects vs. staff
- Drawing down our fund balances to 20% or less, how does this compare to the feeder districts (see chart next page);
- Loss of interest income of approximately \$70,000 per year;
- Future capital projects (i.e. roofs);
- Extending debt obligation, limits the District's flexibility;
- Enrollment projections.

**Recommendation:**

The Administration is not making a recommendation tonight, as this is only a discussion item. The funding of this project will be a consideration for the October 24<sup>th</sup>, Board of Education Meeting.

**Fund Balance Comparison by Peer Group**  
**Fund Balance to Expenditure Ratio**

<b>Fund Balance to Expenditure Ratio</b>					
<b>District</b>	<b>Total</b>	<b>Education</b>	<b>Operation &amp; Maintenance</b>	<b>Transportation</b>	<b>Working Cash</b>
Itasca 10 <sup>(1)</sup>	<b>49%</b>	35%	76%	67%	N/A
Medinah 20 <sup>(1)</sup>	<b>63%</b>	45%	59%	383%	N/A
Roselle 12 <sup>(2)</sup>	<b>43%</b>	2%	97%	23%	N/A
Kenneyville 20 <sup>(2)</sup>	<b>61%</b>	39%	120%	24%	N/A
Bloomingtondale 13 (Before)	<b>60%</b>	34%	119%	99%	N/A
Bloomingtondale 13 (After)	<b>16%</b>	12%	20%	21%	N/A

<sup>(1)</sup> District report on cash basis, estimation was made to convert to accrual in order to have better comparison.

<sup>(2)</sup> District has passed a referendum in recent years.