



**PROSPECT HEIGHTS DISTRICT 23
FINANCE COMMITTEE
MEMORANDUM**

Date: September 6, 2022

Title: Plan for the 2022 Working Cash Bond Issuance

Contact: Amy McPartlin, Assistant Superintendent for Finance & Operations

Background

As we have continued to stay in front of the delay in Cook County's issuance of the second installment of property tax bills, we have been working with a number of partners, including Elizabeth Hennessy (Raymond James) Nick Cavaliere (Baker Tilly) and Kevin Gordon (Kriha Boucek) to make the best decision for the District.

Unfortunately, many, if not most, Cook County School Districts with less than 50% fund balances are finding themselves in the same predicament as District 23. We remain dependent on our local tax revenues to come in on schedule and keep the district operating. Any delay of more than a few months is potentially detrimental. Currently, our expectation is that tax bills will be issued on/around November 15th. Revenues should be coming in within two weeks of issuance, typically less than a week. However, according to our current cash flow projections, at that time, we will be in need of additional funds.

Fortunately, our already planned sale of Working Cash Bonds can be used as a temporary solution to provide these funds until the County catches up with tax revenues. Recent events at the Township Treasury and subsequent discussions with our attorneys have given us some insight and clarity in determining why this is the best option for us.

Administrative Consideration

By expediting the bond issuance, we are able to take advantage of our current Debt Service Extension Base at a lower interest rate and not incur the additional fees associated with a Tax Anticipation Warrant, currently estimated at just under \$50,000. We can utilize these funds for immediate revenues and then transfer funds for Capital Projects, once the property tax revenue comes in.

In order to mitigate the consequences of the potential shortfall and continue to meet our current obligations of payroll, accounts payable and our December bond payment, we will be bringing forth two resolutions to authorize for Board action.

- Resolution to Authorize Interfund Transfers (3) between our operating funds (Operations & Maintenance, Transportation, Working Cash) into the Education Fund. These transfers allow us to shift the existing fund balances to the fund in the most need, in this case, the Education Fund. By exercising the option to transfer, we can lessen the amount of the revenue needed to fill the gap.
- Resolution to Authorize the Sale of \$2.5M in tax exempt Working Cash Bonds - Funds can immediately be used to settle up current obligations and then be transferred into Capital Projects, as originally planned once the revenue comes into the District in December/January.

Administrative Recommendation:

The Administration will recommend the acceleration of the Working Cash Bond Issuance and approval of the resolution items for interfund transfers and public sale of bonds at the Board of Education meeting on September 14, 2022. As stated, this plan will also require a Special Board Meeting to be held on October 18, 2022 in order to adhere to this expedited time frame.