Capital Financing Options

Board Memo

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Capital Financing Options

Date:	July 19, 2022
From:	John Munch, Superintendent
	Katie Hannigan, Director of Finance and Operations
Policy Reference:	4:10 Fiscal and Business Management

Introduction/Background Information:
The district, along with our architect and construction manager, will be opening bids for the construction project on July 21, 2022. As we prepare to determine our final costs for this project, our forecasting software helps us to predict the best options for financing the project.

Connection to Strategic Plan/District Goals/Priorities:
Strategic Plan Goal #4: Make effective and efficient use of resources to advance the educational success and well-being of our students now and into the future.

Discussion/Highlights:
Based on our current projections, the project is not expected to exceed $17.3M. As a reminder, this project is a combination of a new addition to accommodate our growing student enrollment, renovation of existing spaces such as the LRC and ECE rooms, and roof and siding replacement. We have already budgeted $1.1M for a portion of the project from our recent 2021 bond issuance, which means that up to $16.2M will come from a combination of spending from our reserves and borrowing additional money in the form of new bonds. There is a legal limit to the amount that we can borrow without going to referendum. Additionally, we have a policy in place that requires us to maintain a minimum amount in our fund balances which dictates the amount of money we can spend from our reserves. The discussion below will explore two possibilities:

- Spending our reserves to the greatest extent possible and borrowing the remainder of the project cost

OR

- Borrowing our maximum capacity and spending the least amount possible from our reserves

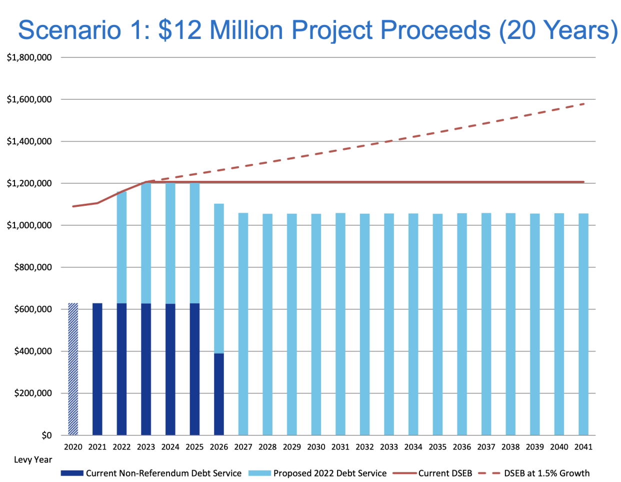
Additionally, we could decide to choose a level of borrowing that is between those two points. At the August Board meeting, we will have the results of our bid process so that our final project costs will be known prior to making a final decision on our bond issuance. For the purposes of the scenarios discussed below, we will continue to assume that the project costs $17.3M.

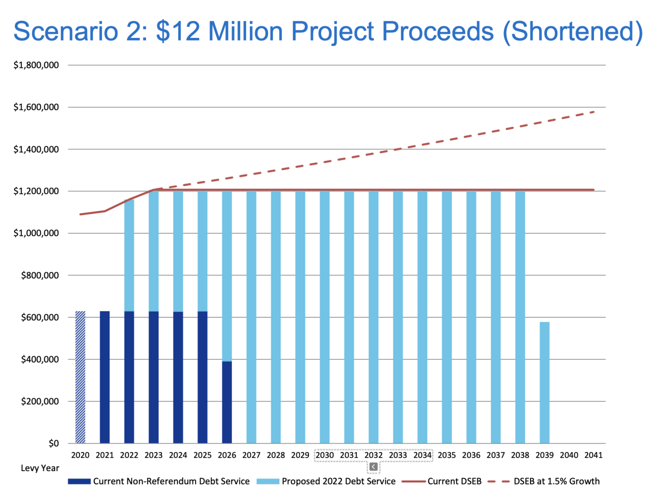
Scenarios 1 and 2:

- Spend our reserves to the greatest extent possible and borrow the remainder of the project cost

During discussion at previous board meetings, the Board and administration were in agreement that $4M is the maximum amount we would be willing to spend from our reserves for this project. If we chose to use $4M from our reserves, then we would need to borrow $12.2M in bonds. Below are two possible debt structures for an issuance of $12M in bonds. In scenario 1, repayment of the $12.2M is spread over 20 years with a total interest cost of $6.8M. In scenario 2, the repayment is shortened by 2.5 years, which saves just over $700k in interest.

We have previously discussed future borrowing capacity as it relates to how we structure this bond sale debt. While scenario B does save the district $700k in interest, it decreases the amount available to borrow in future years. This decrease may not be an issue, however, given the fact that our borrowing capacity will continue to increase by CPI each year, and all major facility needs in the forseeable future have either been completed or accounted for in future budgets.



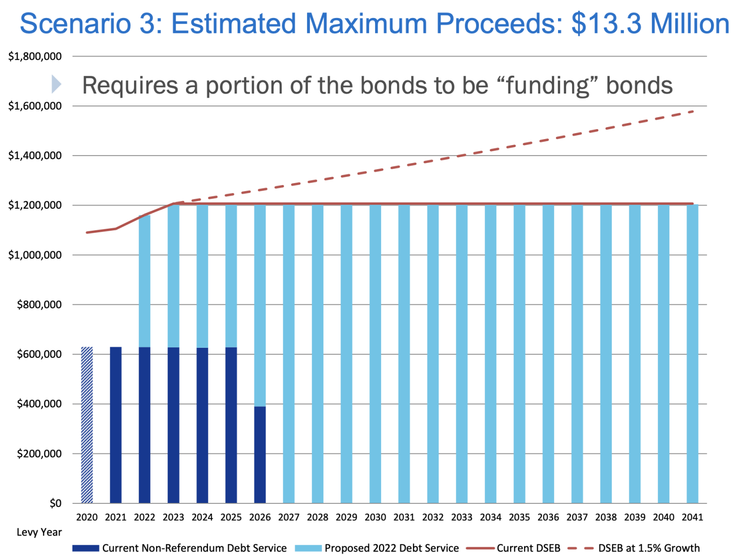


Scenario 3:

- Borrow our maximum capacity and spend the least amount possible from our reserves

Interest rates have been volatile over the past several months. As a result, our maximum borrowing capacity is currently estimated at $13.3M. A bond issuance totaling $13.3M in proceeds would require that we issue our maximum capacity in Working Cash bonds and use Funding Bonds for the remaining amount. As of right now, our Working Cash capacity is estimated to be $11.9M. To be eligible for Funding Bonds, the district would first issue a debt certificate for $1.4M and then sell bonds to pay the debt certificate. These numbers may fluctuate as we continue to get more information from the county on our next tax cycle, and as we continue to watch inflation and the market rates for borrowing.

While this scenario would maximize our current Debt Service Extension Base (DSEB) (as demonstrated in the graph below), it does leave approximately $1.1M more dollars in reserves than scenarios 1 and 2.



Future Capacity:

Moving forward, we recapture borrowing capacity for every year that we make payments on our bonds. Our DSEB limit is currently at $1.2M each year. Additionally, the DSEB limit will continue to increase annually by CPI. We can’t know exactly what that growth will look like, but the dotted line is a projection of 1.5% CPI increases over the next 20 years.

If we were to consider future capacity, without accounting for CPI increases, we can assume that each year would add $1.2M in capacity. That would equate to $6M every 5 years. This is our overall capacity which does include the required interest payments, therefore the actual proceeds would be closer to $3.5M - $4M every 5 years.

Taxpayer Impact Summary:

In all three scenarios, we see at least the first few years structured to maximize our DSEB cap. The payment would actually drop down a small amount after the first 4 years, when a gap is created between our borrowing and the DSEB limit. The estimated tax increases that our community would see are demonstrated below:

	Levy / Tax Collection Year	No Change	Year 2 and after	Change from Current
Actual/Est. B&I Rate in LY 2020/2021..................		$0.136	$0.260	$0.124
Estimated B&I Tax Payments (1)				
$300,000 Home	2020 / 2021	$111.97	$214.49	$102.52
$401,200 Median Value Home	2020 / 2021	$154.31	$295.60	$141.29
$500,000 Home	2020 / 2021	$195.65	$374.79	$179.14
$700,000 Home	2020 / 2021	$279.33	$535.10	$255.77

(1) Actual tax rates and payments may vary based on any property tax rate initiatives and other factors.
Reflects $10,000 homeowner exemption.

Financial Projections:

Considering updated financial projections will help us make an informed decision regarding the best financing plan for our project. Most of the assumptions in the two options are the same. In both scenarios, we assume the following:

REVENUES:

- Current EAV growing at 2%, with 5% increase after the triennial assessment
- $8 million in new construction EAV each year
- 5% increase in CPI for levy years 2022 and 2023, and 2% increase each year after
- Maintain minimal earnings on investments, approx. $55,000 each year
- No changes to other local revenue sources and grant funding

EXPENSES:

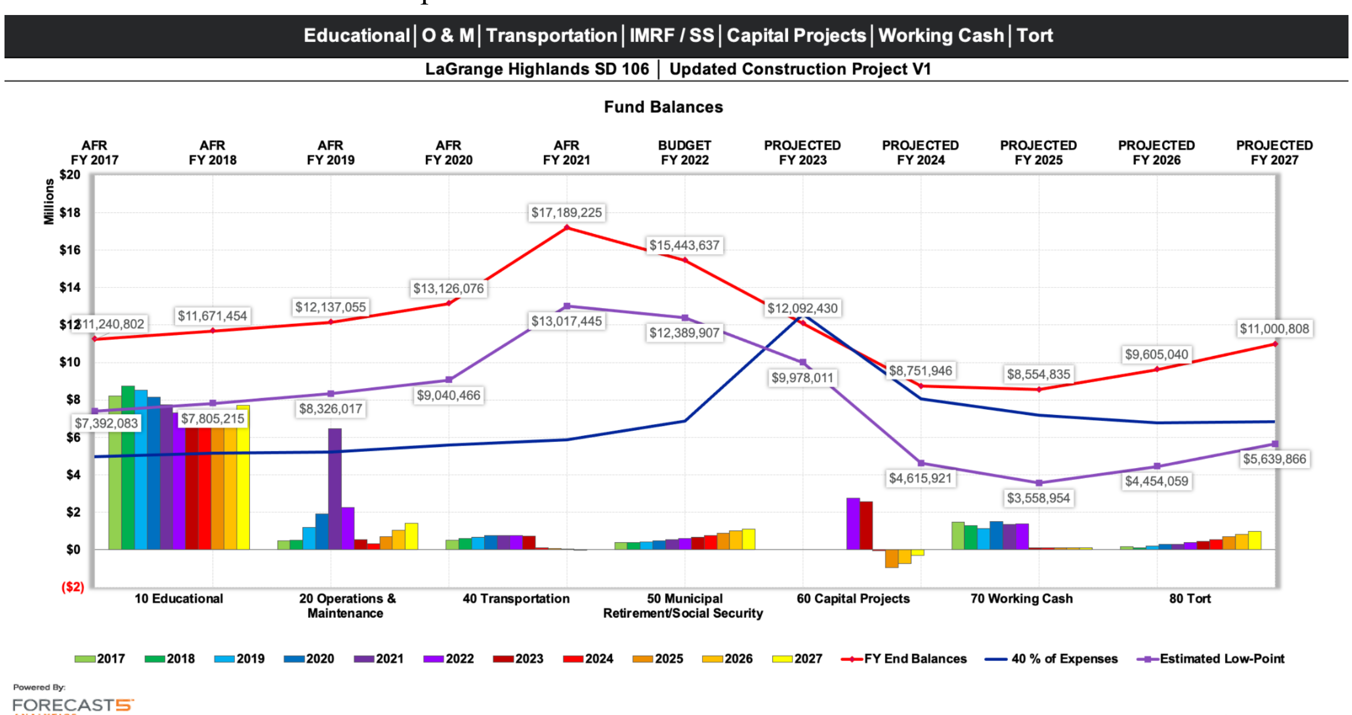
- $17.3 million construction project
- 10-year capital improvements to the existing building (roofs, boilers, etc.)
- Operating increase of $9 per square foot of the new addition, including the custodial position
- 7 additional FTE, salaries and benefits

	FY23	FY24	FY25
Teachers	1	1	1
Paraprofessionals	1	1	
Custodian		1	
Administrator	1		

The only difference between the two projections is that the first includes an additional revenue of $12.2M in bond proceeds and the second includes an additional revenue of $13.3M in bond proceeds.

Scenarios 1 & 2:
If we borrow $12.2 M in bonds, the following graphs demonstrate our year-end fund balances. The first graph includes Fund 60, which causes an artificial spike in the blue line which represents our fund balance limit, as defined by Board policy. The second graph does not include money in or expenditures from Fund 60.

Includes Fund 60 balance and expenses are calculated within the fund balance limit.



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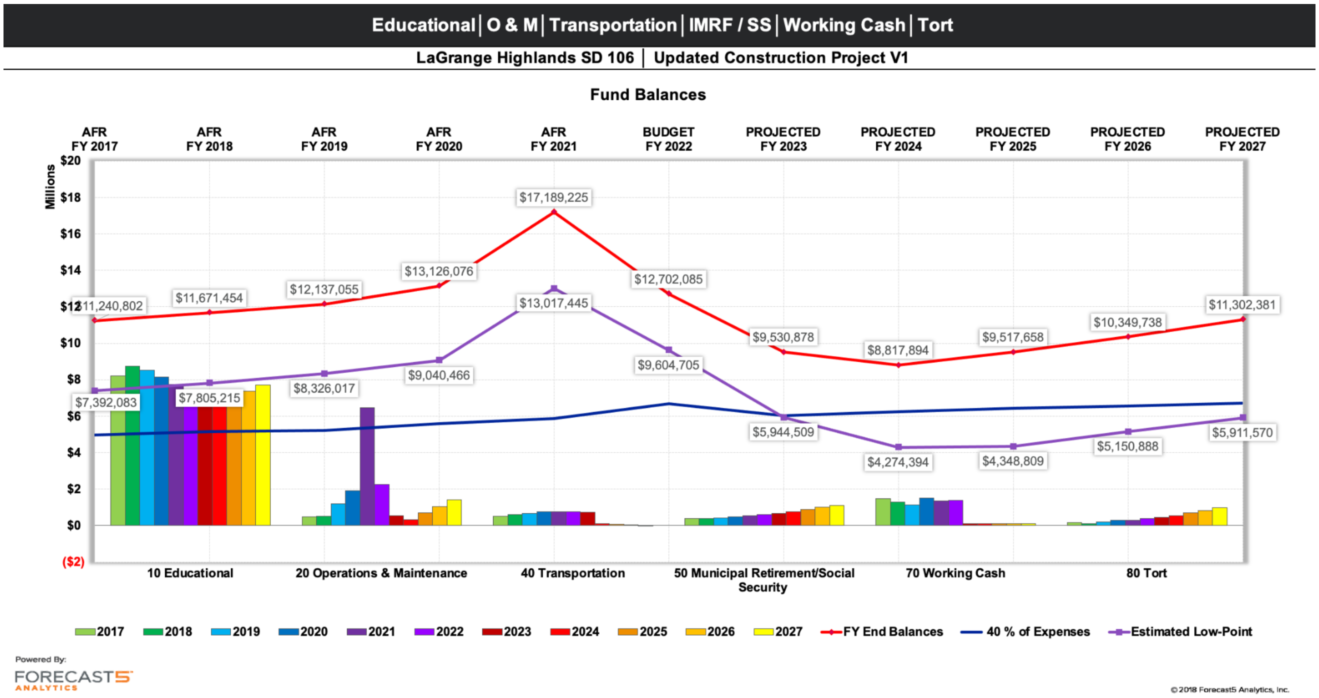


These graphs show that our fund balances will decrease through FY25 as we increase staff and pay for the construction project. Beginning in FY26, we notice that the fund balances start to grow again. The red line indicates our fund balances expected at the end of each fiscal year, while the purple line indicates the cash on hand at our lowest point during the year. In FY25, our low-cash point is expected to occur with just over $3.5 million.

Board policy 4-20 requires us to maintain an aggregate year-end fund balance of 40% of the year's operating expenditures. The blue line in the graph above is a representation of that 40% benchmark. The 40% calculation does include capital expenses, and therefore we are projected to meet the requirements of our policy within this model. The table below provides each fiscal year's revenues, expenses, and balances. Highlighted at the bottom of this table is a calculation of the year-end fund balances, in dollar amount and percentage. It also shows the fund balance as a number of months of expenditures.

Educational | O & M | Transportation | IMRF / SS | Capital Projects | Working Cash | Tort

LaGrange Highlands SD 106 | Updated Construction Project V1

Projection Summary

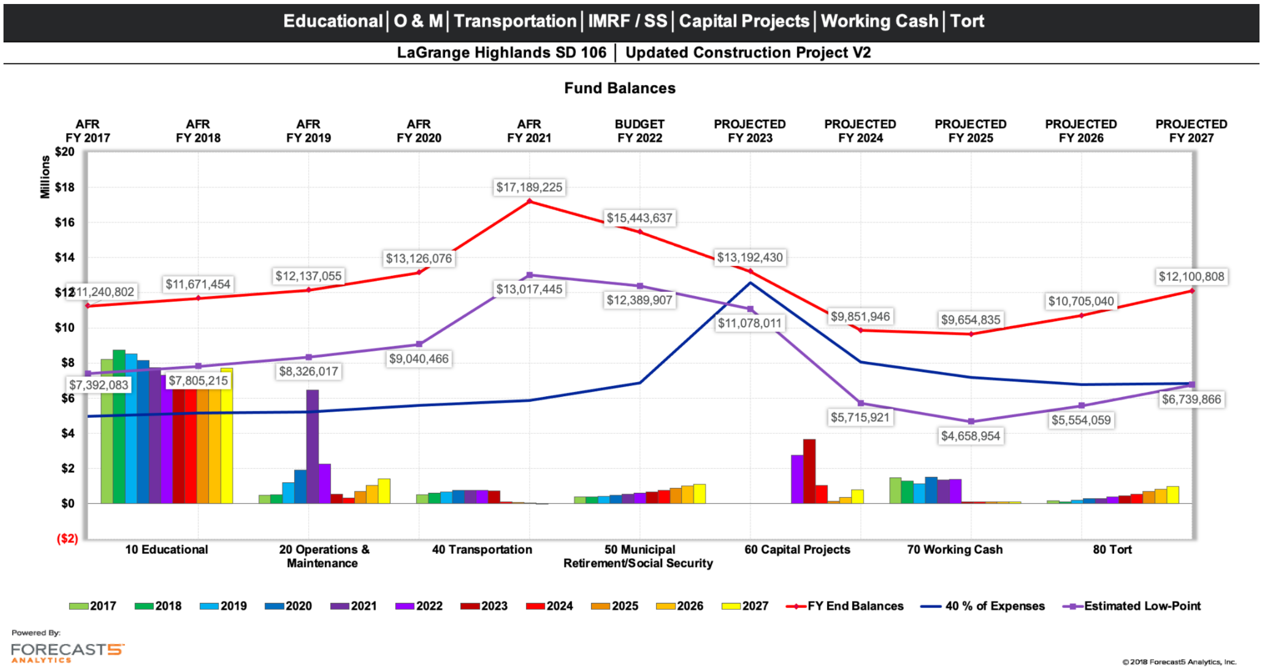
	BUDGET FY 2022	PROJECTED FY 2023	% Δ	PROJECTED FY 2024	% Δ	PROJECTED FY 2025	% Δ	PROJECTED FY 2026	% Δ	PROJECTED FY 2027	% Δ
REVENUE											
Local	$14,172,753	$14,414,693	1.71%	$15,683,137	8.80%	$16,766,271	6.91%	$16,968,015	1.20%	$17,517,027	3.24%
State	$723,717	$813,717	12.44%	$764,217	-6.08%	$663,717	-13.15%	$663,717	0.00%	$663,717	0.00%
Federal	$571,749	$668,911	16.99%	$348,911	-47.84%	$348,911	0.00%	$348,911	0.00%	$348,911	0.00%
Other	$0	$0		$0		$0		$0		$0	
TOTAL REVENUE	**$15,468,219**	**$15,897,321**	**2.77%**	**$16,796,265**	**5.65%**	**$17,778,899**	**5.85%**	**$17,980,643**	**1.13%**	**$18,529,655**	**3.05%**
EXPENDITURES											
Salary and Benefit Costs	$11,510,028	$11,804,770	2.56%	$12,265,098	3.90%	$12,653,446	3.17%	$12,940,176	2.27%	$13,284,737	2.66%
Other	$6,779,296	$20,535,424	202.91%	$8,304,986	-59.56%	$5,564,230	-33.00%	$4,240,263	-23.79%	$4,107,484	-3.13%
TOTAL EXPENDITURES	**$18,289,325**	**$32,340,194**	**76.83%**	**$20,570,083**	**-36.39%**	**$18,217,676**	**-11.44%**	**$17,180,439**	**-5.69%**	**$17,392,220**	**1.23%**
SURPLUS / DEFICIT	**($2,821,106)**	**($16,442,873)**		**($3,773,818)**		**($438,777)**		**$800,204**		**$1,137,435**	
OTHER FINANCING SOURCES / USES											
Other Financing Sources	$3,226,552	$16,175,000		$1,900,000		$1,025,000		$750,000		$775,000	
Other Financing Uses	($2,151,035)	($3,083,333)		($1,466,667)		($783,333)		($500,000)		($516,667)	
TOTAL OTHER FIN. SOURCES / USES	**$1,075,517**	**$13,091,667**		**$433,333**		**$241,667**		**$250,000**		**$258,333**	
SURPLUS / DEFICIT INCL. OTHER FIN. SOURCES	**($1,745,588)**	**($3,351,206)**		**($3,340,485)**		**($197,110)**		**$1,050,204**		**$1,395,768**	
BEGINNING FUND BALANCE	**$17,189,225**	**$15,443,637**		**$12,092,430**		**$8,751,946**		**$8,554,835**		**$9,605,040**	
AUDIT ADUSTMENTS TO FUND BALANCE	$0	$0		$0		$0		$0		$0	
PROJECTED YEAR END BALANCE	**$15,443,637**	**$12,092,430**		**$8,751,946**		**$8,554,835**		**$9,605,040**		**$11,000,808**	
FUND BALANCE AS % OF EXPENDITURES	**84.44%**	**37.39%**		**42.55%**		**46.96%**		**55.91%**		**63.25%**	
FUND BALANCE AS # OF MONTHS OF EXPEND.	**10.13**	**4.49**		**5.11**		**5.64**		**6.71**		**7.59**	

This table projects that in FY25, we will finish the year with a fund balance of $8,554,835 or 46.96% of our total expenses and 52% of operating expenses, which would cover 6.2 months of expenses. However, as demonstrated in the graph above, the low point for that fiscal year is $3,558,954. That amount of cash on hand is enough to cover approximately 2.6 months of expenses.

Scenario 3:

If we borrow $13.3 M in bonds, the following graphs demonstrates our year-end fund balances. The first graph includes Fund 60, which causes an artificial spike in the blue line which represents our fund balance limit, as defined by Board policy. The second graph does not include money in or expenditures from Fund 60.

Includes Fund 60 balance and expenses are calculated within the fund balance limit.



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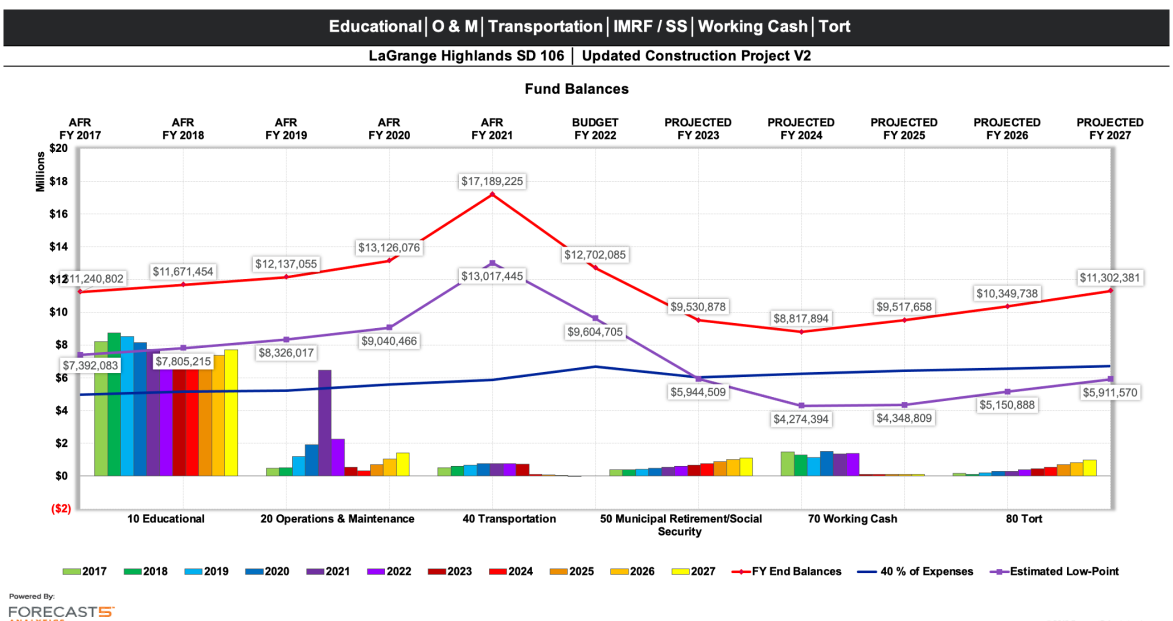

The graphs show that our fund balances will decrease through FY24 as we increase staff and pay for the construction project. Beginning in FY25, we notice that the fund balances start to grow again. The low-cash point within these projections is just over $4.6M.

Educational | O & M | Transportation | IMRF / SS | Capital Projects | Working Cash | Tort

LaGrange Highlands SD 106 | Updated Construction Project V2

Projection Summary

	BUDGET FY 2022	PROJECTED FY 2023	% Δ	PROJECTED FY 2024	% Δ	PROJECTED FY 2025	% Δ	PROJECTED FY 2026	% Δ	PROJECTED FY 2027	% Δ
REVENUE											
Local	$14,172,753	$14,414,693	1.71%	$15,683,137	8.80%	$16,766,271	6.91%	$16,968,015	1.20%	$17,517,027	3.24%
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Federal	$571,749	$668,911	16.99%	$348,911	-47.84%	$348,911	0.00%	$348,911	0.00%	$348,911	0.00%
Other	$0	$0		$0		$0		$0		$0	
TOTAL REVENUE	**$15,468,219**	**$15,897,321**	**2.77%**	**$16,796,265**	**5.65%**	**$17,778,899**	**5.85%**	**$17,980,643**	**1.13%**	**$18,529,655**	**3.05%**
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Other Financing Uses	($2,151,035)	($3,083,333)		($1,466,667)		($783,333)		($500,000)		($516,667)	
TOTAL OTHER FIN. SOURCES / USES	**$1,075,517**	**$14,191,667**		**$433,333**		**$241,667**		**$250,000**		**$258,333**	
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BEGINNING FUND BALANCE	**$17,189,225**	**$15,443,637**		**$13,192,430**		**$9,851,946**		**$9,654,835**		**$10,705,040**	
AUDIT ADJUSTMENTS TO FUND BALANCE	$0	$0		$0		$0		$0		$0	
PROJECTED YEAR END BALANCE	**$15,443,637**	**$13,192,430**		**$9,851,946**		**$9,654,835**		**$10,705,040**		**$12,100,808**	
FUND BALANCE AS % OF EXPENDITURES	**84.44%**	**40.79%**		**47.89%**		**53.00%**		**62.31%**		**69.58%**	
FUND BALANCE AS # OF MONTHS OF EXPEND.	**10.13**	**4.90**		**5.75**		**6.36**		**7.48**		**8.35**	

This table projects that in FY25, we will finish the year with a fund balance of $9,654,835 or 53% of our total expenses, and 59% of our operating expenses which would cover approximately 7.1 months of expenses. However, as demonstrated in the graph above, the low point for that fiscal year is $4,658,954. That amount of cash on hand is enough to cover approximately 3.4 months of expenses.

The table below summarizes the results from borrowing $12.2M or $13.3M:

	Scenarios 1 & 2 (Borrow $12.2M)	**Scenario 3 (Borrow $13.3M)**
End of Year Fund Balance	$8.5M	$9.6M
Percentage of Prior Year Total Expenses	47%	53%
Percentage of Prior Year Operating Expenses (Board Policy Fund Balance Limit)	52% (40%)	59% (40%)
Months	6.2	7.1
Low-Point Fund Balance	$3.5M	$4.6M
Months	2.6	3.4

Timeline:
Construction is anticipated to begin in September and a potential schedule to issue bonds is shown here:

August 16	• Board adopts Resolution Authorizing the Sale of the Debt Certificates • Board adopts Notice of Intent Resolution for Working Cash Bonds
August 30	• Debt Certificates sold; delegates approve the final sale
September 15	• Debt Certificates close
September 19	• 30 Day Petition Period Ends for Working Cash Bonds
September 20	• Board adopts Notice of Intent Resolution for Funding Bonds • President signs Order calling for BINA hearing
October 18	• Board conducts BINA hearing
October 24	• 30 Day Petition Period Ends for Funding Bonds
November 15	• Board approves parameter resolution authorizing the sale;
November 16	• Bonds sold; delegates approve final sale
December 7	• Bonds close

Recommendation:
We recommend that we plan to issue bonds for our full debt capacity at $13.3M. This will allow us to maintain an additional $1.1M in reserves to support operating expenses as inflation continues to increase our costs.

Attachments:
- Financing Update (PMA presentation)
- Graphs and Tables

PMA™
SECURITIES

La Grange Highlands SD#106

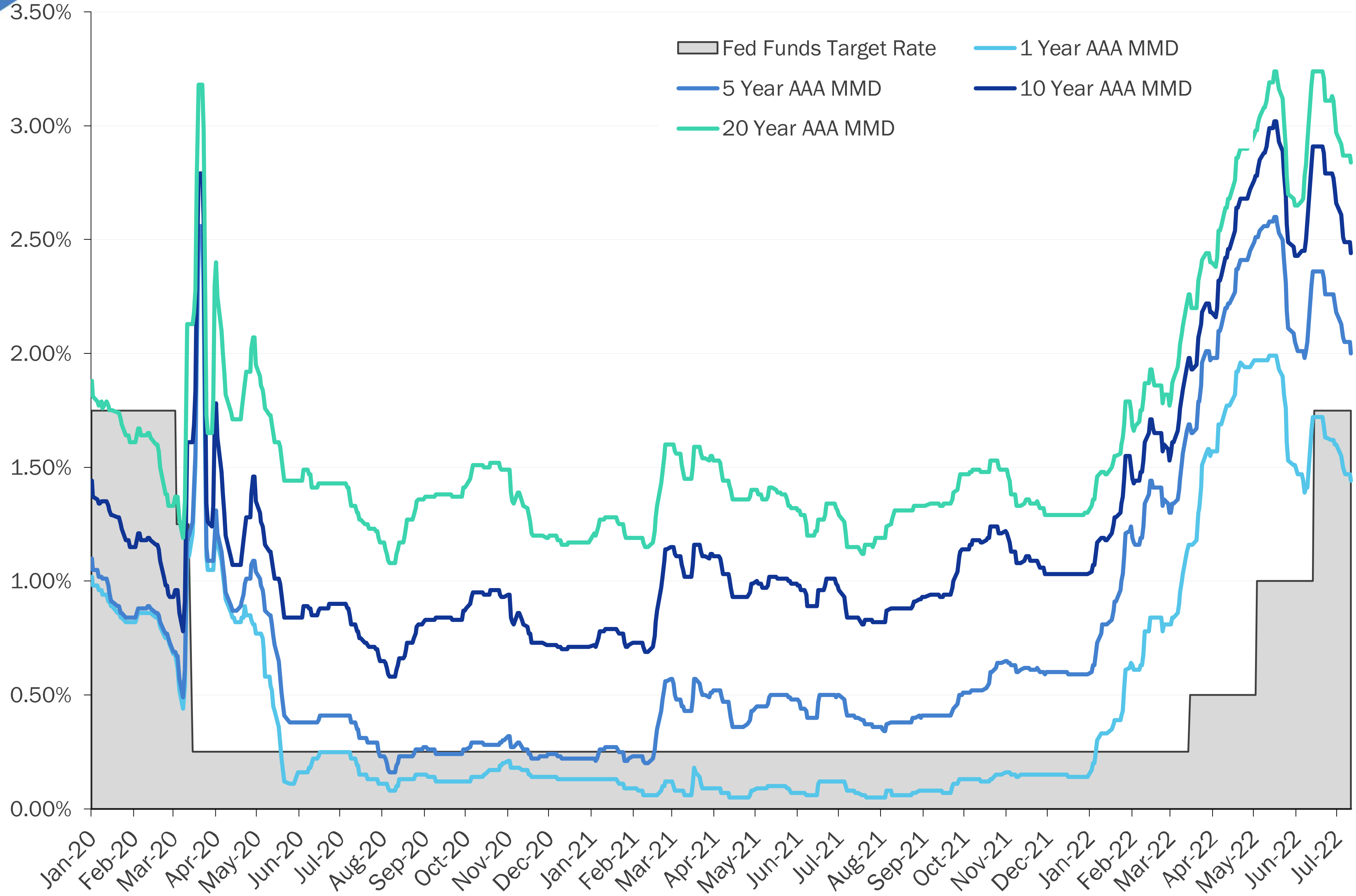
Market Update, Debt Overview and New Money Options

Robert Lewis
Senior Vice President, Managing Director
PMA Securities, LLC

July 19, 2022

Market Update

Historical Tax-Exempt Interest Rates since January 1, 2020



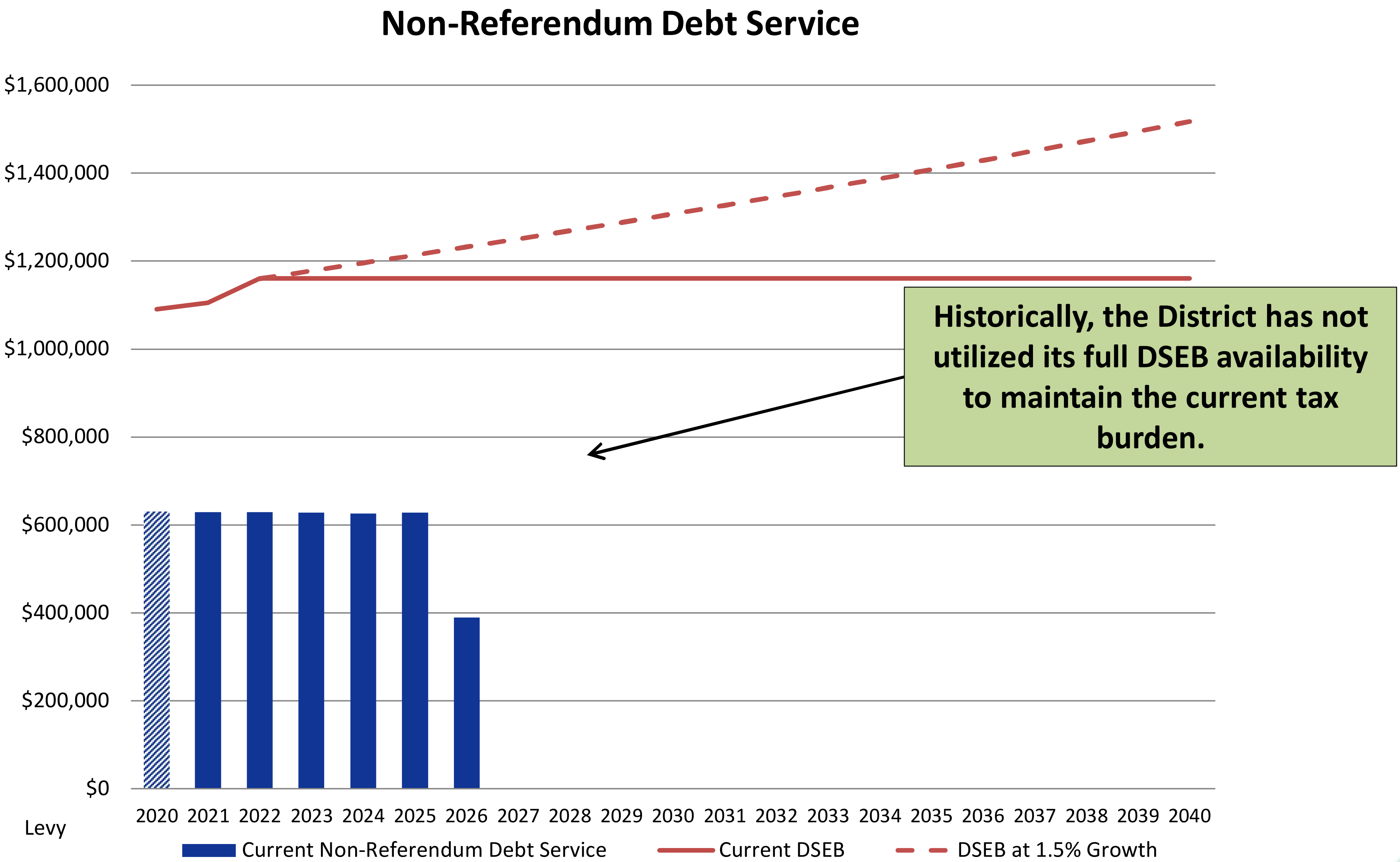
*The Municipal Market Data “MMD” is a AAA municipal bond market index produced by TM3. As of July 12, 2022

Debt Overview

Non-Referendum GO Bonds

- Since the District is subject to tax caps, the annual debt service (principal and interest) payments on non-referendum GO bonds are limited by the District's Debt Service Extension Base (DSEB)
- Original DSEB was determined in tax year 1994 and was equal to the amount of non-referendum debt service levied for that year
  - The types of non-referendum bonds are described on a subsequent slide but include working cash bonds, life safety bonds and funding bonds
- Public Act 96-0501, enacted in 2009, increases a district's DSEB annually by the Consumer Price Index (CPI)
  - Original DSEB: $890,596
  - DSEB for levy year 2022: $1,160,364
- *The separate working cash capacity formula is currently estimated at about $11.9 to $12.4 million (depending on timing)*

Existing General Obligation Debt Service



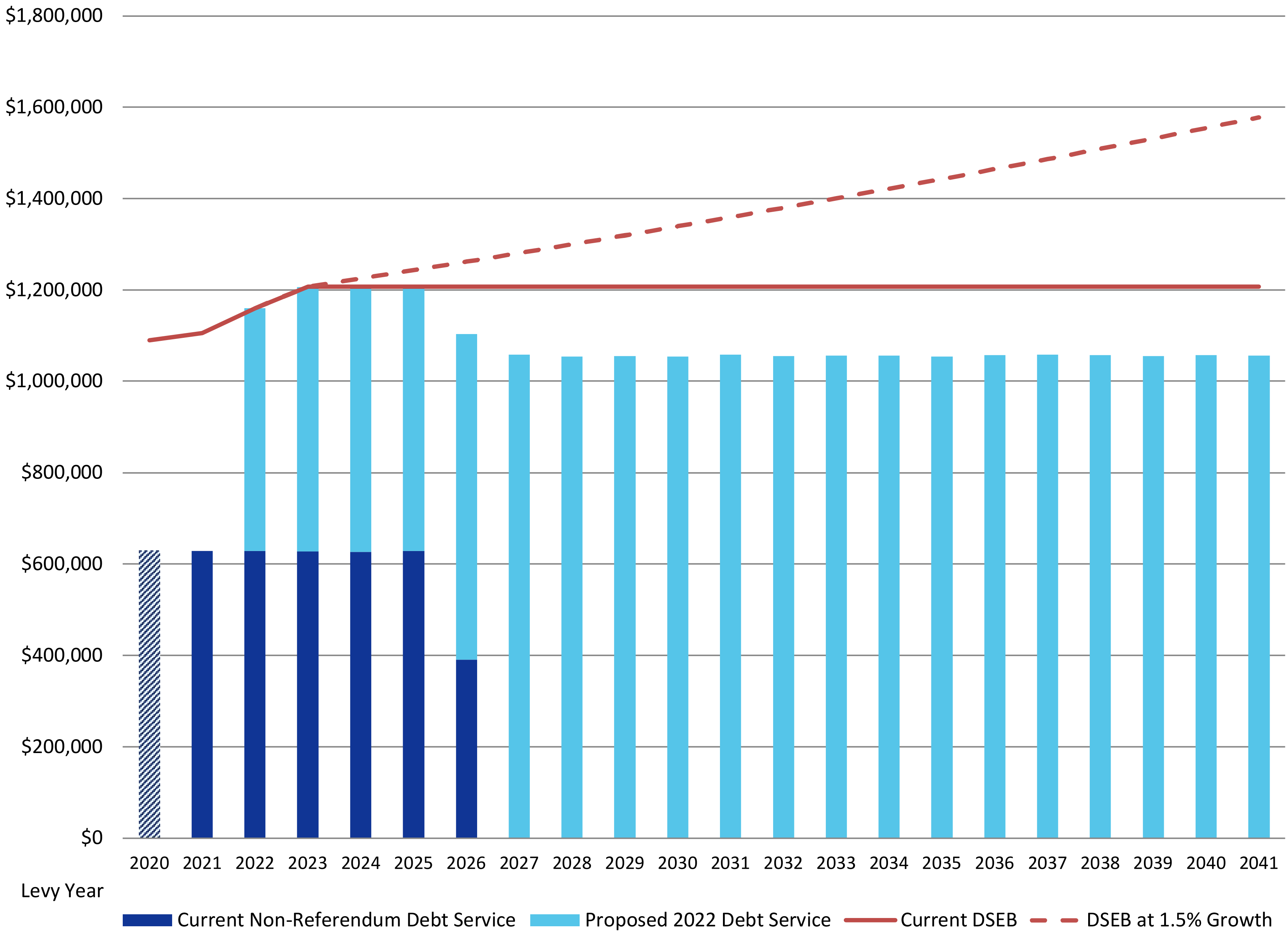
Existing General Obligation Debt Service (detail)

		Non-Referendum Debt Service										
Levy Year	Fiscal Year	$4,545,000 GO Limited Tax Refunding Bonds, Series 2011	$575,500 Taxable GO Limited Bonds, Series 2020	$3,620,000 GO Limited Tax School Bonds, Series 2021	Total	Non Referendum Debt Service Extension Base Created W/1994 Levy (1)	Remaining Margin	Total General Obligation Bonds Debt Service	5.0% County Loss/Cost Debt Service	EAV	Growth Rate	B&I Tax Rate
2018	2020	~~$ 629,488~~	~~$ -~~	~~$ -~~	~~$ 629,488~~	~~$ 1,045,483~~	~~$ 415,996~~	~~$ 629,488~~	~~$ 660,962~~	~~$ 418,191,211~~	~~-2.91%~~	~~0.1581~~
2019	2021	~~46,800~~	~~583,185~~	~~-~~	~~629,985~~	~~1,065,347~~	~~435,363~~	~~629,985~~	~~661,484~~	~~420,684,993~~	~~0.60%~~	~~0.1572~~
2020	2022	-	-	629,633	629,633	1,089,850	460,217	629,633	661,115	487,617,470	15.91%	0.1356
2021	2023	-	-	629,200	629,200	1,105,108	475,908	629,200	660,660	487,617,470	0.00%	0.1355
2022	2024	-	-	629,000	629,000	1,160,364	531,364	629,000	660,450	487,617,470	0.00%	0.1354
2023	2025	-	-	628,000	628,000	1,160,364	532,364	628,000	659,400	511,998,344	5.00%	0.1288
2024	2026	-	-	626,200	626,200	1,160,364	534,164	626,200	657,510	511,998,344	0.00%	0.1284
2025	2027	-	-	628,600	628,600	1,160,364	531,764	628,600	660,030	511,998,344	0.00%	0.1289
2026	2028	-	-	390,000	390,000	1,160,364	770,364	390,000	409,500	537,598,261	5.00%	0.0762
2027	2029	-	-	-	-	1,160,364	1,160,364	-	-	537,598,261	0.00%	0.0000
2028	2030	-	-	-	-	1,160,364	1,160,364	-	-	537,598,261	0.00%	0.0000
2029	2031	-	-	-	-	1,160,364	1,160,364	-	-	564,478,174	5.00%	0.0000
2030	2032	-	-	-	-	1,160,364	1,160,364	-	-	564,478,174	0.00%	0.0000
2031	2033	-	-	-	-	1,160,364	1,160,364	-	-	564,478,174	0.00%	0.0000
2032	2034	-	-	-	-	1,160,364	1,160,364	-	-	592,702,082	5.00%	0.0000
2033	2035	-	-	-	-	1,160,364	1,160,364	-	-	592,702,082	0.00%	0.0000
2034	2036	-	-	-	-	1,160,364	1,160,364	-	-	592,702,082	0.00%	0.0000
2035	2037	-	-	-	-	1,160,364	1,160,364	-	-	622,337,187	5.00%	0.0000
2036	2038	-	-	-	-	1,160,364	1,160,364	-	-	622,337,187	0.00%	0.0000
2037	2039	-	-	-	-	1,160,364	1,160,364	-	-	622,337,187	0.00%	0.0000
2038	2040	-	-	-	-	1,160,364	1,160,364	-	-	653,454,046	5.00%	0.0000
2039	2041	-	-	-	-	1,160,364	1,160,364	-	-	653,454,046	0.00%	0.0000
2040	2042	-	-	-	-	1,160,364	1,160,364	-	-	653,454,046	0.00%	0.0000
Total DS From Current FY:		$ -	$ -	$ 4,160,633	$ 4,160,633			$ 4,160,633	$ 4,368,665			

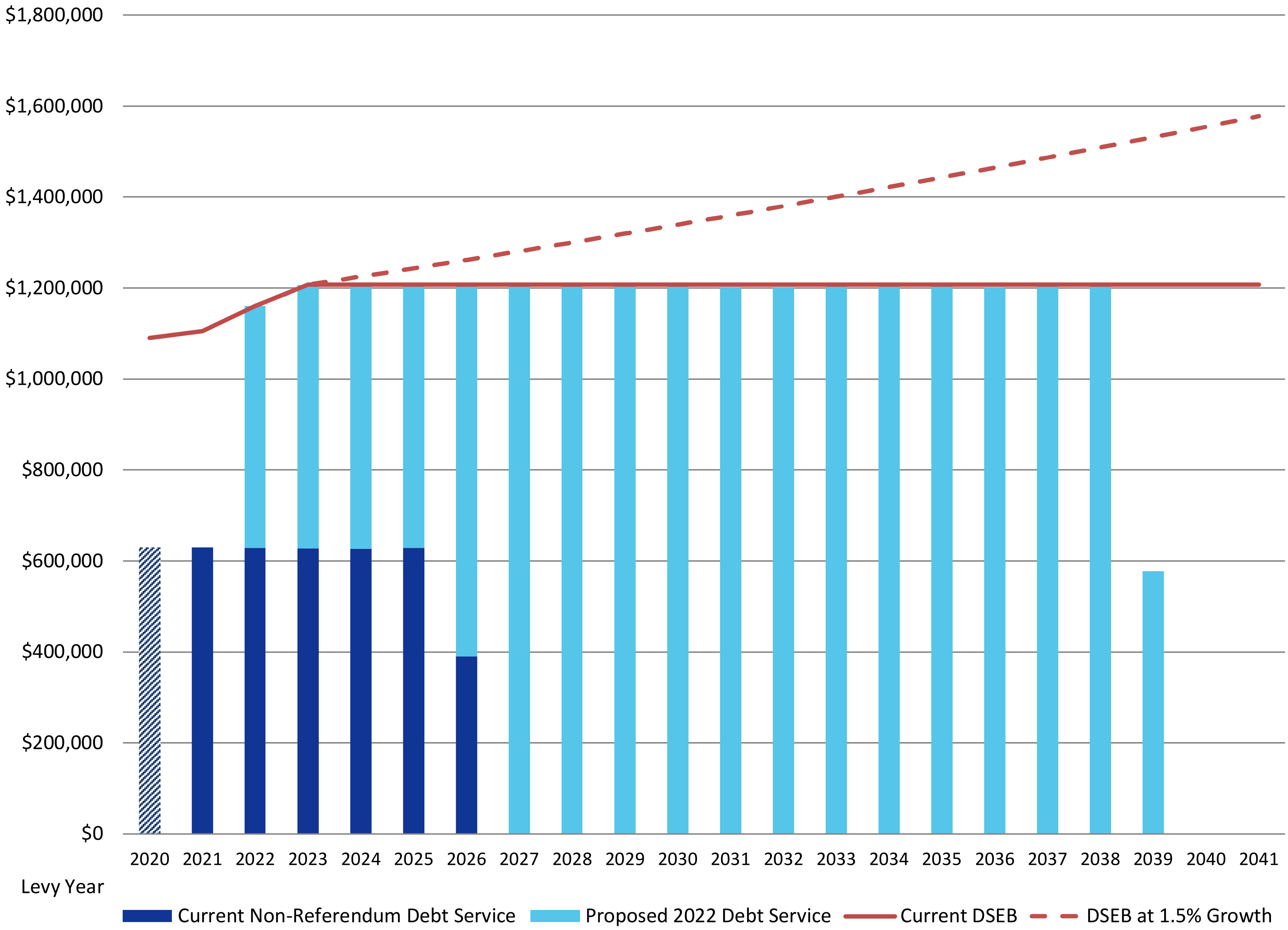
(1) Pursuant to Public Act 96-0501, the District's DSEB will increase by the lesser of CPI or 5% each year starting with levy year 2009.
The applicable CPI increase has been applied to levy years 2009-2022, and assumed to be 0% per year thereafter.
If the District issues non-referendum bonds with debt service structured assuming a growing DSEB,
it will need to pass resolutions, perhaps annually, to capture the additional DSEB levy available from CPI growth.
If the CPI growth is less than estimated on average, the District will have to pay debt service in excess of the DSEB from funds on hand.

New Money Options

Scenario 1: $12 Million Project Proceeds (20 Years)

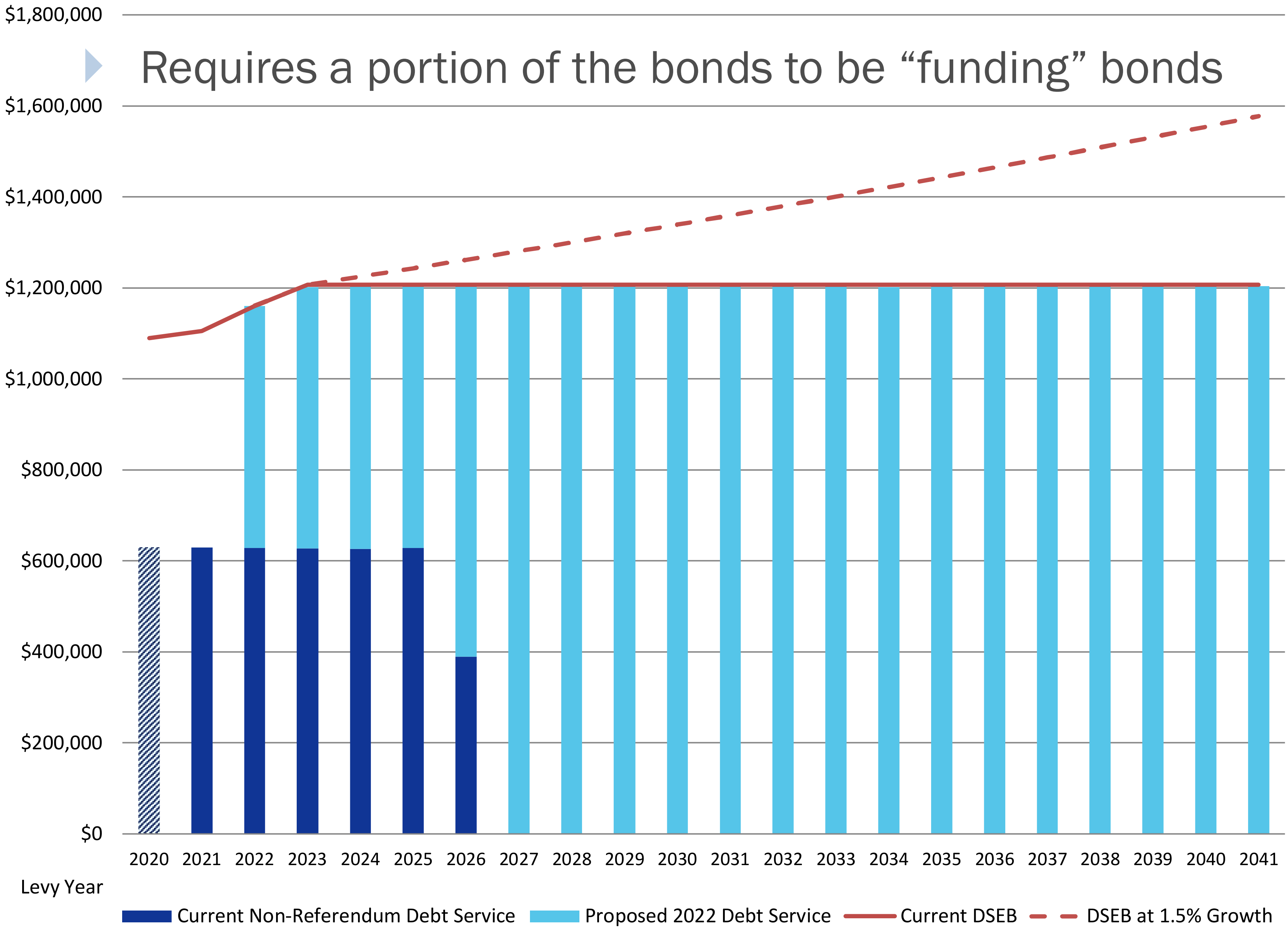


Scenario 2: $12 Million Project Proceeds (Shortened)



Scenario 3: Estimated Maximum Proceeds: $13.3 Million

- Requires a portion of the bonds to be “funding” bonds



Debt Service Summary

	2022 Bond Scenarios		
	Option 1	Option 2	Option 3
Proceeds..	**$ 12,000,000**	**$ 12,000,000**	**$ 13,345,000**
Estimated Net Total Debt Service (1)..................	**$ 18,824,698**	**$ 18,101,150**	**$ 21,146,674**
Estimated TIC (1) (2)..	4.10%	4.10%	4.10%
Fiscal Year of Final Maturity.................................	2043	2041	2043

(1) Indicative rates provided by Capital One as of June 28, 2022.
(2) True Interest Cost (TIC) is the semiannual discount rate which equates the principal and interest payments to the purchase price paid by the purchaser.

Taxpayer Impact Summary

	Levy / Tax Collection Year	No Change	Year 2 and after	Change from Current
Actual/Est. B&I Rate in LY 2020/2021..................		$0.136	$0.260	$0.124
Estimated B&I Tax Payments (1)				
$300,000 Home	2020 / 2021	$111.97	$214.49	$102.52
$401,200 Median Value Home	2020 / 2021	$154.31	$295.60	$141.29
$500,000 Home	2020 / 2021	$195.65	$374.79	$179.14
$700,000 Home	2020 / 2021	$279.33	$535.10	$255.77

(1) Actual tax rates and payments may vary based on any property tax rate initiatives and other factors. Reflects $10,000 homeowner exemption.

Timelines and Funding Bond Process

Sample Timeline of Key Events for WC Bonds

August 16	• President signs Order calling for Bond Issue Notification Act (BINA) hearing
August 16	• Board adopts Notice of Intent Resolution
September 19	• 30 Day Petition Period Ends
September 20	• Board conducts BINA hearing
October 18	• Board approves parameter resolution authorizing the sale
October 19	• Bonds sold; delegates approve final sale
November 9	• Bonds close

Funding Bond Option – How It Works

Step 1: Issue Debt Certificates

- ✓ Depending upon the size of the financing, the District may sell the obligation directly to a bank or perhaps another unit of government
- ✓ Provides the proceeds to pay for capital projects
- ✗ Would be payable from operating dollars instead of a separate property tax levy if not for Step 2
  - Establishes a claim against which the District can issue a funding bond

Step 2: Issue Non-Referendum Funding Bonds

- ✓ After the completion of a 30-day petition period and a BINA hearing, the District sells non-referendum funding bonds to payoff the initial financing
- ✓ Proceeds from initial financing transfer to funding bonds for tax law purposes
- ✓ Paid from separate property tax levy (subject to the DSEB, if applicable)

Sample Timeline of Key Events for Funding/WC Bonds

August 16	• Board adopts Resolution Authorizing the Sale of the Debt Certificates • Board adopts Notice of Intent Resolution for Working Cash Bonds
August 30	• Debt Certificates sold; delegates approve the final sale
September 15	• Debt Certificates close
September 19	• 30 Day Petition Period Ends for Working Cash Bonds
September 20	• Board adopts Notice of Intent Resolution for Funding Bonds • President signs Order calling for BINA hearing
October 18	• Board conducts BINA hearing
October 24	• 30 Day Petition Period Ends for Funding Bonds
November 15	• Board approves parameter resolution authorizing the sale;
November 16	• Bonds sold; delegates approve final sale
December 7	• Bonds close

Disclosure

The information contained herein is solely intended to suggest/discuss potentially applicable financing applications and is not intended to be a specific buy/sell recommendation, nor is it an official confirmation of terms. Any terms discussed herein are preliminary until confirmed in a definitive written agreement.

The analysis or information presented herein is based upon hypothetical projections and/or past performance that have certain limitations. No representation is made that it is accurate or complete or that any results indicated will be achieved. In no way is past performance indicative of future results. Changes to any prices, levels, or assumptions contained herein may have a material impact on results. Any estimates or assumptions contained herein represent our best judgment as of the date indicated and are subject to change without notice. Examples are merely representative and are not meant to be all-inclusive. The information set forth herein was gathered from sources which we believe, but do not guarantee, to be accurate. Neither the information, nor any options expressed, constitute a solicitation by us for purposes of sale or purchase of any securities or commodities. Investment/financing decisions by market participants should not be based on this information.

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Securities, public finance and institutional brokerage services are offered through PMA Securities, LLC. PMA Securities, LLC is a broker-dealer and municipal advisor registered with the SEC and MSRB, and is a member of FINRA and SIPC. PMA Asset Management, LLC, an SEC registered investment adviser, provides investment advisory services to local government investment pools. All other products and services are provided by PMA Financial Network, LLC. PMA Financial Network, LLC, PMA Securities, LLC, and PMA Asset Management, LLC (collectively "PMA") are under common ownership. Securities and public finance services offered through PMA Securities, LLC are available in CA, CO, FL, IL, IN, IA, MI, MN, MO, NE, NY, OH, OK, PA, SD, TX and WI. This document is not an offer of services available in any state other than those listed above, has been prepared for informational and educational purposes only and does not constitute a solicitation to purchase or sell securities, which may be done only after client suitability is reviewed and determined. All investments mentioned herein may have varying levels of risk, and may not be suitable for every investor. For more information, please visit us at www.pmanetwork.com. For institutional use only.

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Appendix: New Money Options

Scenario Detail and Other Schedules

Scenario 1: $12 Million Project Proceeds (20 Years)

		Non-Referendum Debt Service												
Levy Year	Fiscal Year	$4,545,000 GO Limited Tax Refunding Bonds, Series 2011	$575,500 Taxable GO Limited Bonds, Series 2020	$3,620,000 GO Limited Tax School Bonds, Series 2021	PROPOSED GO Limited Tax School Bonds, Series 2022 (2)	Capitalized Interest	Total	Non Referendum Debt Service Extension Base Created W/1994 Levy (1)	Remaining Margin	Total General Obligation Bonds Debt Service	5.0% County Loss/Cost Debt Service	EAV	Growth Rate	B&I Tax Rate
~~2018~~	~~2020~~	~~$ 629,488~~	~~$ -~~	~~$ -~~	~~$ -~~	~~$ -~~	~~$ 629,488~~	~~$ 1,045,483~~	~~$ 415,996~~	~~$ 629,488~~	~~$ 660,962~~	~~$ 418,191,211~~	~~-2.91%~~	~~0.1581~~
~~2019~~	~~2021~~	~~46,800~~	~~583,185~~	~~-~~	~~-~~	~~-~~	~~629,985~~	~~1,065,347~~	~~435,363~~	~~629,985~~	~~661,484~~	~~420,684,993~~	~~0.60%~~	~~0.1572~~
2020	2022	-	-	629,633	-	-	629,633	1,089,850	460,217	629,633	661,115	487,617,470	15.91%	0.1356
2021	2023	-	-	629,200	-	-	629,200	1,105,108	475,908	629,200	660,660	487,617,470	0.00%	0.1355
2022	2024	-	-	629,000	581,175	(49,815)	1,160,360	1,160,364	4	1,160,360	1,218,378	487,617,470	0.00%	0.2499
2023	2025	-	-	628,000	578,150	-	1,206,150	1,206,778	628	1,206,150	1,266,458	487,617,470	0.00%	0.2597
2024	2026	-	-	626,200	579,870	-	1,206,070	1,206,778	708	1,206,070	1,266,374	487,617,470	0.00%	0.2597
2025	2027	-	-	628,600	576,385	-	1,204,985	1,206,778	1,793	1,204,985	1,265,234	487,617,470	0.00%	0.2595
2026	2028	-	-	390,000	712,900	-	1,102,900	1,206,778	103,878	1,102,900	1,158,045	487,617,470	0.00%	0.2375
2027	2029	-	-	-	1,058,675	-	1,058,675	1,206,778	148,103	1,058,675	1,111,609	487,617,470	0.00%	0.2280
2028	2030	-	-	-	1,054,895	-	1,054,895	1,206,778	151,883	1,054,895	1,107,640	487,617,470	0.00%	0.2272
2029	2031	-	-	-	1,055,295	-	1,055,295	1,206,778	151,483	1,055,295	1,108,060	487,617,470	0.00%	0.2272
2030	2032	-	-	-	1,054,670	-	1,054,670	1,206,778	152,108	1,054,670	1,107,404	487,617,470	0.00%	0.2271
2031	2033	-	-	-	1,058,020	-	1,058,020	1,206,778	148,758	1,058,020	1,110,921	487,617,470	0.00%	0.2278
2032	2034	-	-	-	1,055,140	-	1,055,140	1,206,778	151,638	1,055,140	1,107,897	487,617,470	0.00%	0.2272
2033	2035	-	-	-	1,056,235	-	1,056,235	1,206,778	150,543	1,056,235	1,109,047	487,617,470	0.00%	0.2274
2034	2036	-	-	-	1,056,100	-	1,056,100	1,206,778	150,678	1,056,100	1,108,905	487,617,470	0.00%	0.2274
2035	2037	-	-	-	1,054,735	-	1,054,735	1,206,778	152,043	1,054,735	1,107,472	487,617,470	0.00%	0.2271
2036	2038	-	-	-	1,057,140	-	1,057,140	1,206,778	149,638	1,057,140	1,109,997	487,617,470	0.00%	0.2276
2037	2039	-	-	-	1,058,110	-	1,058,110	1,206,778	148,668	1,058,110	1,111,016	487,617,470	0.00%	0.2278
2038	2040	-	-	-	1,057,645	-	1,057,645	1,206,778	149,133	1,057,645	1,110,527	487,617,470	0.00%	0.2277
2039	2041	-	-	-	1,055,745	-	1,055,745	1,206,778	151,033	1,055,745	1,108,532	487,617,470	0.00%	0.2273
2040	2042	-	-	-	1,057,410	-	1,057,410	1,206,778	149,368	1,057,410	1,110,281	487,617,470	0.00%	0.2277
2041	2043	-	-	-	1,056,218	-	1,056,218	1,206,778	150,561	1,056,218	1,109,028	487,617,470	0.00%	0.2274
Total DS From Current FY:		$ -	$ -	$ 4,160,633	$ 18,874,513	$ (49,815)	$ 22,985,331			$ 22,985,331	$ 24,134,597			

Working Cash Proceeds: $12,000,000

(1) Pursuant to Public Act 96-0501, the District's DSEB will increase by the lesser of CPI or 5% each year starting with levy year 2009.
The applicable CPI increase has been applied to levy years 2009-2022, assumed to be 4.00% in levy year 2023 and 0% per year thereafter.
If the District issues non-referendum bonds with debt service structured assuming a growing DSEB,
it will need to pass resolutions, perhaps annually, to capture the additional DSEB levy available from CPI growth.
If the CPI growth is less than estimated on average, the District will have to pay debt service in excess of the DSEB from funds on hand.
(2) Indicative rates provided by Capital One as of June 28, 2022. Estimated TIC = 4.10%.
NOTE: Scenarios where a greater portion of the overall debt is issued in advance of the expenditures of the proceeds will likely result in higher fees earned by the investment manager of the debt proceeds.

Scenario 2: $12 Million Project Proceeds (Shortened)

Levy Year	Fiscal Year	Non-Referendum Debt Service: $4,545,000 GO Limited Tax Refunding Bonds, Series 2011	$575,500 Taxable GO Limited Bonds, Series 2020	$3,620,000 GO Limited Tax School Bonds, Series 2021	PROPOSED GO Limited Tax School Bonds, Series 2022 (2)	Capitalized Interest	Total	Non Referendum Debt Service Extension Base Created W/1994 Levy (1)	Remaining Margin	Total General Obligation Bonds Debt Service	5.0% County Loss/Cost Debt Service	EAV	Growth Rate	B&I Tax Rate
2018	2020	~~$ 629,488~~	~~$ -~~	~~$ -~~	~~$ -~~	~~$ -~~	~~$ 629,488~~	~~$ 1,045,483~~	~~$ 415,996~~	~~$ 629,488~~	~~$ 660,962~~	~~$ 418,191,211~~	~~-2.91%~~	~~0.1581~~
2019	2021	~~46,800~~	~~583,185~~	~~-~~	~~-~~	~~-~~	~~629,985~~	~~1,065,347~~	~~435,363~~	~~629,985~~	~~661,484~~	~~420,684,993~~	~~0.60%~~	~~0.1572~~
2020	2022	-	-	629,633	-	-	629,633	1,089,850	460,217	629,633	661,115	487,617,470	15.91%	0.1356
2021	2023	-	-	629,200	-	-	629,200	1,105,108	475,908	629,200	660,660	487,617,470	0.00%	0.1355
2022	2024	-	-	629,000	581,175	(49,815)	1,160,360	1,160,364	4	1,160,360	1,218,378	487,617,470	0.00%	0.2499
2023	2025	-	-	628,000	578,150	-	1,206,150	1,206,778	628	1,206,150	1,266,458	487,617,470	0.00%	0.2597
2024	2026	-	-	626,200	579,870	-	1,206,070	1,206,778	708	1,206,070	1,266,374	487,617,470	0.00%	0.2597
2025	2027	-	-	628,600	576,385	-	1,204,985	1,206,778	1,793	1,204,985	1,265,234	487,617,470	0.00%	0.2595
2026	2028	-	-	390,000	812,900	-	1,202,900	1,206,778	3,878	1,202,900	1,263,045	487,617,470	0.00%	0.2590
2027	2029	-	-	-	1,204,575	-	1,204,575	1,206,778	2,203	1,204,575	1,264,804	487,617,470	0.00%	0.2594
2028	2030	-	-	-	1,204,645	-	1,204,645	1,206,778	2,133	1,204,645	1,264,877	487,617,470	0.00%	0.2594
2029	2031	-	-	-	1,203,485	-	1,203,485	1,206,778	3,293	1,203,485	1,263,659	487,617,470	0.00%	0.2591
2030	2032	-	-	-	1,206,095	-	1,206,095	1,206,778	683	1,206,095	1,266,400	487,617,470	0.00%	0.2597
2031	2033	-	-	-	1,202,270	-	1,202,270	1,206,778	4,508	1,202,270	1,262,384	487,617,470	0.00%	0.2589
2032	2034	-	-	-	1,202,215	-	1,202,215	1,206,778	4,563	1,202,215	1,262,326	487,617,470	0.00%	0.2589
2033	2035	-	-	-	1,205,725	-	1,205,725	1,206,778	1,053	1,205,725	1,266,011	487,617,470	0.00%	0.2596
2034	2036	-	-	-	1,202,595	-	1,202,595	1,206,778	4,183	1,202,595	1,262,725	487,617,470	0.00%	0.2590
2035	2037	-	-	-	1,203,030	-	1,203,030	1,206,778	3,748	1,203,030	1,263,182	487,617,470	0.00%	0.2591
2036	2038	-	-	-	1,201,825	-	1,201,825	1,206,778	4,953	1,201,825	1,261,916	487,617,470	0.00%	0.2588
2037	2039	-	-	-	1,203,980	-	1,203,980	1,206,778	2,798	1,203,980	1,264,179	487,617,470	0.00%	0.2593
2038	2040	-	-	-	1,204,290	-	1,204,290	1,206,778	2,488	1,204,290	1,264,505	487,617,470	0.00%	0.2593
2039	2041	-	-	-	577,755	-	577,755	1,206,778	629,023	577,755	606,643	487,617,470	0.00%	0.1244
2040	2042	-	-	-	-	-	-	1,206,778	1,206,778	-	-	487,617,470	0.00%	0.0000
2041	2043	-	-	-	-	-	-	1,206,778	1,206,778	-	-	487,617,470	0.00%	0.0000
Total DS From Current FY:		$ -	$ -	$ 4,160,633	$ 18,150,965	$ (49,815)	$ 22,261,783			$ 22,261,783	$ 23,374,872			

Working Cash Proceeds: $ 12,000,000

(1) Pursuant to Public Act 96-0501, the District's DSEB will increase by the lesser of CPI or 5% each year starting with levy year 2009.
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NOTE: Scenarios where a greater portion of the overall debt is issued in advance of the expenditures of the proceeds will likely result in higher fees earned by the investment manager of the debt proceeds.

Scenario 3: Estimated Maximum Proceeds: $13.3 Million

Non-Referendum Debt Service

Levy Year	Fiscal Year	$4,545,000 GO Limited Tax Refunding Bonds, Series 2011	$575,500 Taxable GO Limited Bonds, Series 2020	$3,620,000 GO Limited Tax School Bonds, Series 2021	PROPOSED GO Limited Tax School Bonds, Series 2022 (2)	Capitalized Interest	Total	Non Referendum Debt Service Extension Base Created W/1994 Levy (1)	Remaining Margin	Total General Obligation Bonds Debt Service	5.0% County Loss/Cost Debt Service	EAV	Growth Rate	B&I Tax Rate
~~2018~~	~~2020~~	~~$ 629,488~~	~~$ -~~	~~$ -~~	~~$ -~~	~~$ -~~	~~$ 629,488~~	~~$ 1,045,483~~	~~$ 415,996~~	~~$ 629,488~~	~~$ 660,962~~	~~$ 418,191,211~~	~~-2.91%~~	~~0.1581~~
~~2019~~	~~2021~~	~~46,800~~	~~583,185~~	~~-~~	~~-~~	~~-~~	~~629,985~~	~~1,065,347~~	~~435,363~~	~~629,985~~	~~661,484~~	~~420,684,993~~	~~0.60%~~	~~0.1572~~
2020	2022	-	-	629,633	-	-	629,633	1,089,850	460,217	629,633	661,115	487,617,470	15.91%	0.1356
2021	2023	-	-	629,200	-	-	629,200	1,105,108	475,908	629,200	660,660	487,617,470	0.00%	0.1355
2022	2024	-	-	629,000	651,968	(121,080)	1,159,889	1,160,364	475	1,159,889	1,217,883	487,617,470	0.00%	0.2498
2023	2025	-	-	628,000	573,830	-	1,201,830	1,206,778	4,948	1,201,830	1,261,922	487,617,470	0.00%	0.2588
2024	2026	-	-	626,200	578,215	-	1,204,415	1,206,778	2,363	1,204,415	1,264,636	487,617,470	0.00%	0.2593
2025	2027	-	-	628,600	577,395	-	1,205,995	1,206,778	783	1,205,995	1,266,295	487,617,470	0.00%	0.2597
2026	2028	-	-	390,000	816,575	-	1,206,575	1,206,778	203	1,206,575	1,266,904	487,617,470	0.00%	0.2598
2027	2029	-	-	-	1,205,915	-	1,205,915	1,206,778	863	1,205,915	1,266,211	487,617,470	0.00%	0.2597
2028	2030	-	-	-	1,203,855	-	1,203,855	1,206,778	2,923	1,203,855	1,264,048	487,617,470	0.00%	0.2592
2029	2031	-	-	-	1,205,770	-	1,205,770	1,206,778	1,008	1,205,770	1,266,059	487,617,470	0.00%	0.2596
2030	2032	-	-	-	1,206,455	-	1,206,455	1,206,778	323	1,206,455	1,266,778	487,617,470	0.00%	0.2598
2031	2033	-	-	-	1,205,910	-	1,205,910	1,206,778	868	1,205,910	1,266,206	487,617,470	0.00%	0.2597
2032	2034	-	-	-	1,204,135	-	1,204,135	1,206,778	2,643	1,204,135	1,264,342	487,617,470	0.00%	0.2593
2033	2035	-	-	-	1,206,130	-	1,206,130	1,206,778	648	1,206,130	1,266,437	487,617,470	0.00%	0.2597
2034	2036	-	-	-	1,201,690	-	1,201,690	1,206,778	5,088	1,201,690	1,261,775	487,617,470	0.00%	0.2588
2035	2037	-	-	-	1,206,020	-	1,206,020	1,206,778	758	1,206,020	1,266,321	487,617,470	0.00%	0.2597
2036	2038	-	-	-	1,203,710	-	1,203,710	1,206,778	3,068	1,203,710	1,263,896	487,617,470	0.00%	0.2592
2037	2039	-	-	-	1,204,965	-	1,204,965	1,206,778	1,813	1,204,965	1,265,213	487,617,470	0.00%	0.2595
2038	2040	-	-	-	1,204,580	-	1,204,580	1,206,778	2,198	1,204,580	1,264,809	487,617,470	0.00%	0.2594
2039	2041	-	-	-	1,202,555	-	1,202,555	1,206,778	4,223	1,202,555	1,262,683	487,617,470	0.00%	0.2589
2040	2042	-	-	-	1,203,890	-	1,203,890	1,206,778	2,888	1,203,890	1,264,085	487,617,470	0.00%	0.2592
2041	2043	-	-	-	1,204,190	-	1,204,190	1,206,778	2,588	1,204,190	1,264,400	487,617,470	0.00%	0.2593
Total DS From Current FY:		$ -	$ -	$ 4,160,633	$ 21,267,753	$ (121,080)	$ 25,307,307			$ 25,307,307	$ 26,572,672			

Working Cash Proceeds:	$ 12,000,000
Est. Debt Certificate Proceeds:	$ 1,345,000
Total:	$ 13,345,000

(1) Pursuant to Public Act 96-0501, the District's DSEB will increase by the lesser of CPI or 5% each year starting with levy year 2009.
The applicable CPI increase has been applied to levy years 2009-2022, assumed to be 4.00% in levy year 2023 and 0% per year thereafter.
If the District issues non-referendum bonds with debt service structured assuming a growing DSEB,
it will need to pass resolutions, perhaps annually, to capture the additional DSEB levy available from CPI growth.
If the CPI growth is less than estimated on average, the District will have to pay debt service in excess of the DSEB from funds on hand.
(2) Indicative rates provided by Capital One as of June 28, 2022. Estimated TIC = 4.10%.
NOTE: Scenarios where a greater portion of the overall debt is issued in advance of the expenditures of the proceeds will likely result in higher fees earned by the investment manager of the debt proceeds.

Legal Debt Margin

- 6.9% of EAV for K-8 and 9-12 districts, 13.8% of EAV for unit districts
- Less: outstanding principal
- Exemptions exist for some bonds
- Working cash bonds and funding bonds are exempted at the time of issuance but count after issuance
- Alternate Bonds do not count against a district's legal debt margin unless a tax is extended to pay debt service

Levy Year	2021	2022	2023
Collection Year	2022	2023	2024
Fiscal Year Ending 6/30	2023	2024	2025
Direct Debt, Beginning of Period (1)	$ 3,105,000	$ 2,600,000	$ 2,075,000
Principal Paydown, Series 2021 (2)	(505,000)	(525,000)	(545,000)
Direct Debt, End of Period (1)	$ 2,600,000	$ 2,075,000	$ 1,530,000
Equalized Assessed Valuation	*$ 487,617,470*	$ 487,617,470	$ 511,998,344
Assumed EAV Increase		0.00%	5.00%
Statutory Debt Limit @ 6.90%	$ 33,645,605	$ 33,645,605	$ 35,327,886
Direct Debt, End of Period as % of EAV	0.53%	0.43%	0.30%
Statutory Debt Margin at End of Period (1)	$ 31,045,605	$ 31,570,605	$ 33,797,886

(1) Assumes that the principal due in the current year is paid or that the funds are set aside for payment. Does not include leases.

(2) Principal paid on December 1 of the fiscal year.

Outstanding Principal

Levy Year	Fiscal Year	$3,620,000 GO Limited Tax School Bonds, Series 2021	Total	Ending Principal Balance	Cumulative Principal Retirement as Percent of Total
2021	2023	$ 505,000	$ 505,000	$ 2,600,000	16.26%
2022	2024	525,000	525,000	2,075,000	33.17%
2023	2025	545,000	545,000	1,530,000	50.72%
2024	2026	565,000	565,000	965,000	68.92%
2025	2027	590,000	590,000	375,000	87.92%
2026	2028	375,000	375,000	-	100.00%
2027	2029	-	-	-	100.00%
Totals:		$ 3,105,000	$ 3,105,000		

Purpose: Working Cash

Callable: N/A

School Borrowing Options Summary

The estimated WC capacity is $11.9 million

Payable from a separate tax levy. (Working Cash Bonds, Funding Bonds, Tort Funding Bonds, Life Safety Bonds, Building Bonds)

Payable from operating funds. (Debt/Lease Certificates, Alternate Revenue Bonds)

	Working Cash Bonds	Funding Bonds	Tort Funding Bonds	Life Safety Bonds	Building Bonds	Debt/Lease Certificates	Alternate Revenue Bonds
Purpose	- Capital projects - Cashflow	- Capital projects - Pay claims	- Pay tort judgments or settlements	- Life safety projects	- School construction & renovation	- Capital projects	- Capital projects
Referendum Requirement	30-day notice period	30-day notice period	No	No	Yes	No	30-day notice period
Separate Tax Levy Available	Yes	Yes	Yes	Yes	Yes	No; paid from Operations	Yes; paid from Operations or other source
Subject to Debt Service Extension Base	Only if capped	Only if capped	Only if capped	Only if capped	No	No	No
Public Hearing Required (BINA)	Yes	Yes	Yes	Yes		No	Yes
Final Maturity Limit	20 years	20 years	20 years	20 years	20 years	20 years	40 years
Subject to Debt Limit	No	No	Yes	Yes	Yes	Yes	No (as long as levy is not accessed)
Other Restrictions	Principal limited by a working cash formula	Often a 2-step process involving initial issuance of debt certificates				Lease required for new building	Revenue coverage tests may apply

Capital Financing Options

- We are planning for a new addition to accommodate our growing student enrollment, renovation of existing spaces such as the LRC and ECE rooms, and roof and siding replacement.
- The project is not expected to exceed $17.3M, which includes $1.1M of work and funds from a previous bond issuance.
- $16.2M will come from a combination of spending from our reserves and borrowing additional money in the form of new bonds.

Capital Financing Options

The information being presented tonight will explore two possibilities:

Spending our reserves to the greatest extent possible and borrowing the remainder of the project cost (borrowing $12.2M)

OR

Borrowing our maximum capacity and spending the least amount possible from our reserves (borrowing $13.3M)

Capital Financing Options

Considerations:

- Market Update
- Borrowing Capacity
- Two scenarios for borrowing $12.2M
- Scenario for borrowing $13.3M
- Taxpayer Impact
- Timeline
- Financial Forecasting

PMA™ SECURITIES

La Grange Highlands SD#106

Market Update, Debt Overview and New Money Options

Robert Lewis
Senior Vice President, Managing Director
PMA Securities, LLC

July 19, 2022

[Presentation]

Financial Projections

Considering updated financial projections will help us make an informed decision regarding the best financing plan for our project. Most of the assumptions in the two options are the same.

The only difference between the two projections is that the first includes an additional revenue of $12.2M in bond proceeds and the second includes an additional revenue of $13.3M in bond proceeds.

Common Assumptions

REVENUE ASSUMPTIONS:

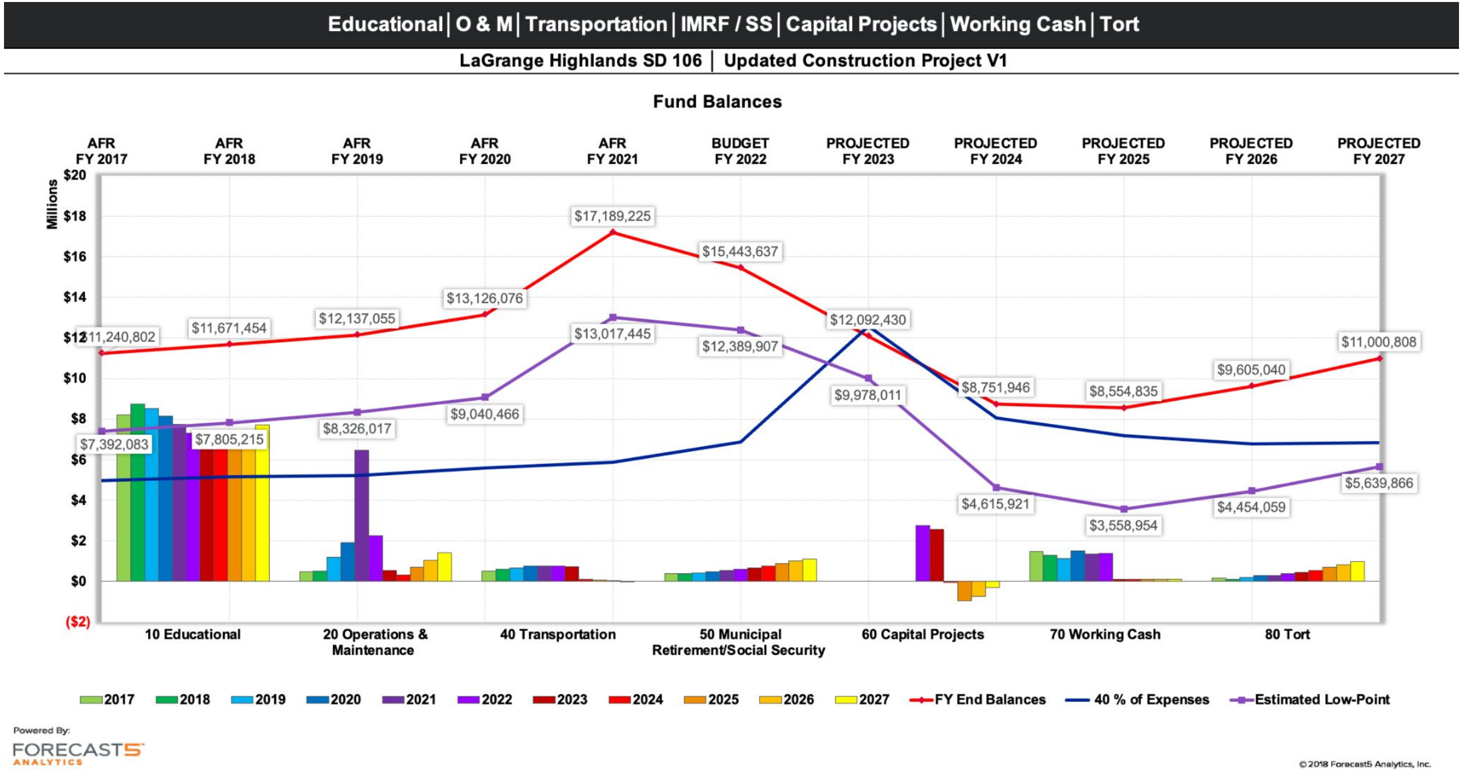
- Current EAV growing at 2%, with 5% increase after the triennial assessment
- $8 million in new construction EAV each year
- 5% increase in CPI for levy years 2022 and 2023, and 2% increase each year after
- Maintain minimal earnings on investments, approx. $55,000 each year
- No changes to other local revenue sources and grant funding

EXPENSE ASSUMPTIONS:

- $17.3 million construction project
- 10-year capital improvements to the existing building (roofs, boilers, etc.)
- Operating increase of $9 per square foot of the new addition, including the custodial position
- 7 additional FTE, salaries and benefits

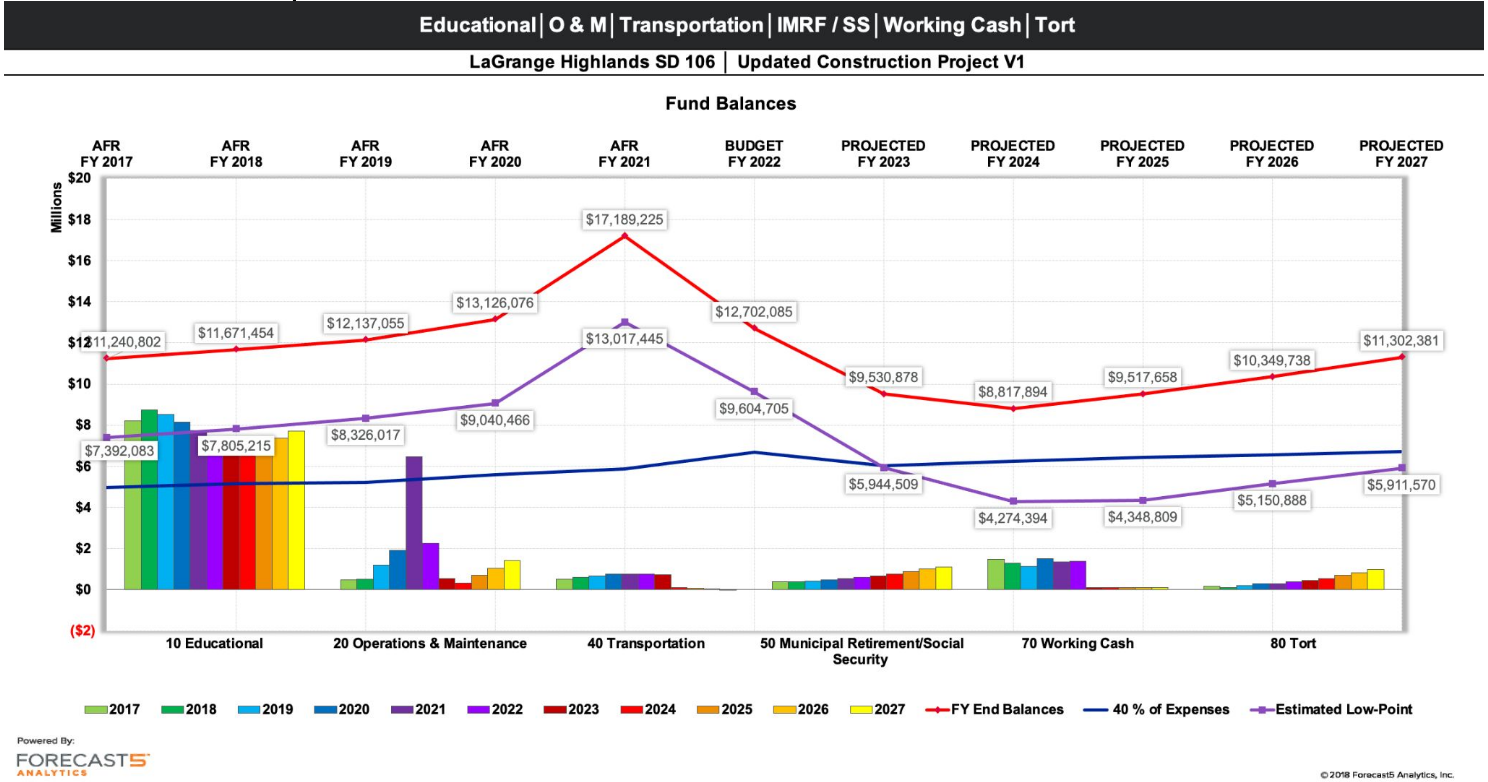
Scenarios 1 & 2 - $12.2M Bond Sale

Fund 60 balance and expenses are included in the fund balance limit.



Scenarios 1 & 2 - $12.2M Bond Sale

Fund 60 balance and expenses ***are not*** included in the fund balance limit.



Educational | O & M | Transportation | IMRF / SS | Capital Projects | Working Cash | Tort

LaGrange Highlands SD 106 | Updated Construction Project V1

Projection Summary

	BUDGET FY 2022	PROJECTED FY 2023	% Δ	PROJECTED FY 2024	% Δ	PROJECTED FY 2025	% Δ	PROJECTED FY 2026	% Δ	PROJECTED FY 2027	% Δ
REVENUE											
Local	$14,172,753	$14,414,693	1.71%	$15,683,137	8.80%	$16,766,271	6.91%	$16,968,015	1.20%	$17,517,027	3.24%
State	$723,717	$813,717	12.44%	$764,217	-6.08%	$663,717	-13.15%	$663,717	0.00%	$663,717	0.00%
Federal	$571,749	$668,911	16.99%	$348,911	-47.84%	$348,911	0.00%	$348,911	0.00%	$348,911	0.00%
Other	$0	$0		$0		$0		$0		$0	
TOTAL REVENUE	**$15,468,219**	**$15,897,321**	**2.77%**	**$16,796,265**	**5.65%**	**$17,778,899**	**5.85%**	**$17,980,643**	**1.13%**	**$18,529,655**	**3.05%**
EXPENDITURES											
Salary and Benefit Costs	$11,510,028	$11,804,770	2.56%	$12,265,098	3.90%	$12,653,446	3.17%	$12,940,176	2.27%	$13,284,737	2.66%
Other	$6,779,296	$20,535,424	202.91%	$8,304,986	-59.56%	$5,564,230	-33.00%	$4,240,263	-23.79%	$4,107,484	-3.13%
TOTAL EXPENDITURES	**$18,289,325**	**$32,340,194**	**76.83%**	**$20,570,083**	**-36.39%**	**$18,217,676**	**-11.44%**	**$17,180,439**	**-5.69%**	**$17,392,220**	**1.23%**
SURPLUS / DEFICIT	**($2,821,106)**	**($16,442,873)**		**($3,773,818)**		**($438,777)**		**$800,204**		**$1,137,435**	
OTHER FINANCING SOURCES / USES											
Other Financing Sources	$3,226,552	$16,175,000		$1,900,000		$1,025,000		$750,000		$775,000	
Other Financing Uses	($2,151,035)	($3,083,333)		($1,466,667)		($783,333)		($500,000)		($516,667)	
TOTAL OTHER FIN. SOURCES / USES	**$1,075,517**	**$13,091,667**		**$433,333**		**$241,667**		**$250,000**		**$258,333**	
SURPLUS / DEFICIT INCL. OTHER FIN. SOURCES	**($1,745,588)**	**($3,351,206)**		**($3,340,485)**		**($197,110)**		**$1,050,204**		**$1,395,768**	
BEGINNING FUND BALANCE	**$17,189,225**	**$15,443,637**		**$12,092,430**		**$8,751,946**		**$8,554,835**		**$9,605,040**	
AUDIT ADUSTMENTS TO FUND BALANCE	$0	$0		$0		$0		$0		$0	
PROJECTED YEAR END BALANCE	**$15,443,637**	**$12,092,430**		**$8,751,946**		**$8,554,835**		**$9,605,040**		**$11,000,808**	
FUND BALANCE AS % OF EXPENDITURES	**84.44%**	**37.39%**		**42.55%**		**46.96%**		**55.91%**		**63.25%**	
FUND BALANCE AS # OF MONTHS OF EXPEND.	**10.13**	**4.49**		**5.11**		**5.64**		**6.71**		**7.59**	

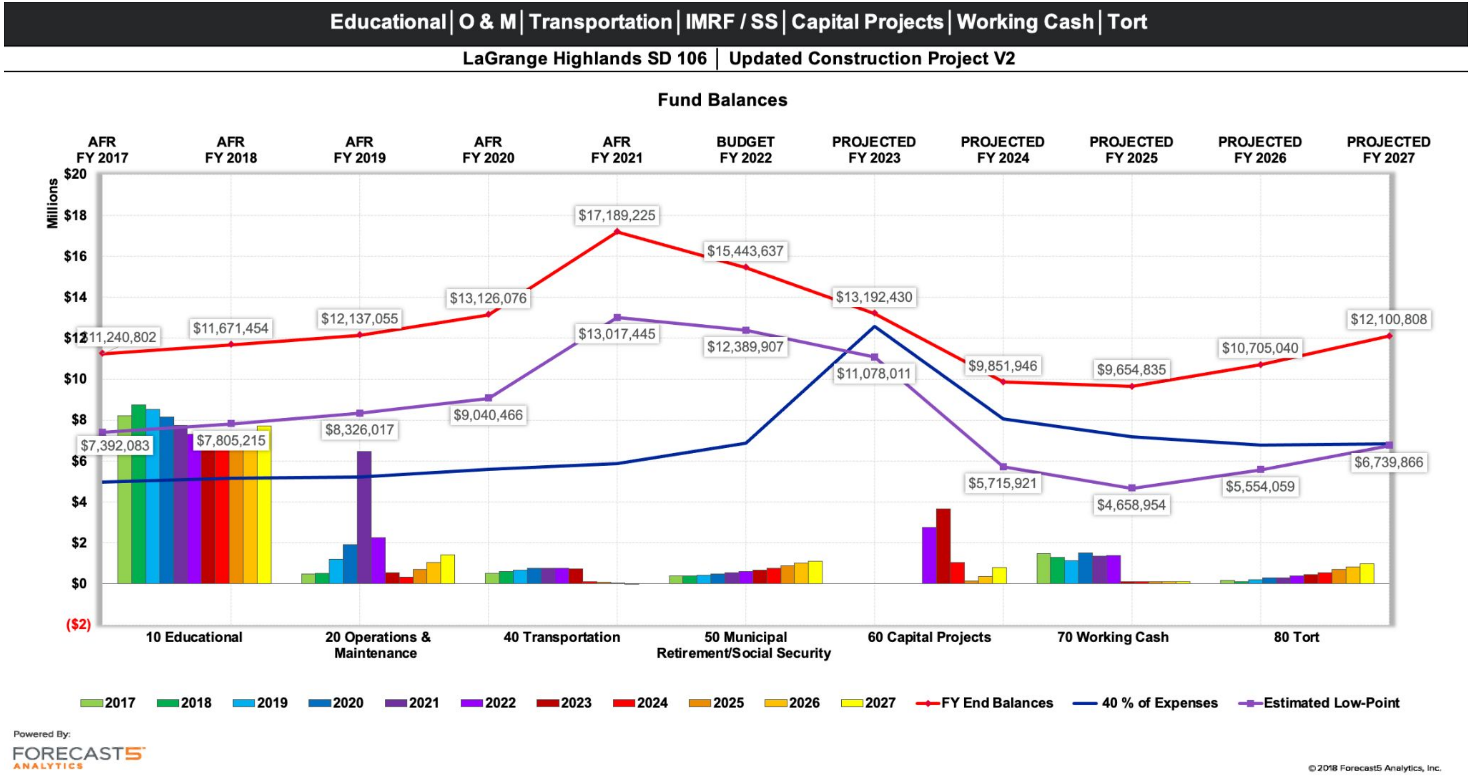
Scenarios 1 & 2 - $12.2M Bond Sale

These scenarios show that our fund balances will decrease through FY25 as we increase staff and pay for the construction project. Beginning in FY26, we notice that the fund balances start to grow again. In FY25, our low-cash point is expected to occur with approximately $3.5 million.

	Scenarios 1 & 2 (Borrow $12.2M)
End of Year Fund Balance	$8.5M
Percentage of Prior Year Total Expenses	47%
Percentage of Prior Year Operating Expenses (Board Policy Fund Balance Limit)	52% (40%)
Months	6.2
Low-Point Fund Balance	$3.5M
Months	2.6

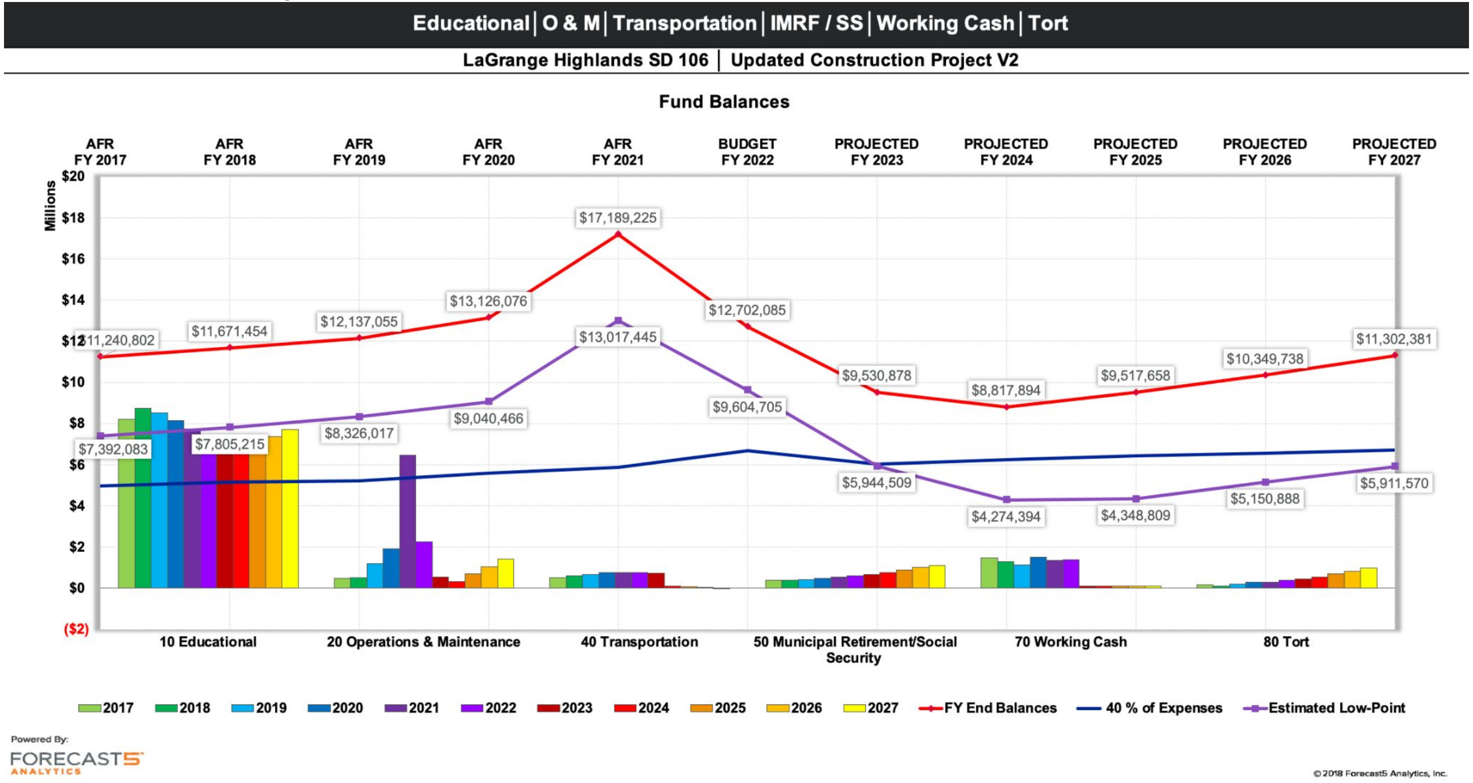
Scenario 3 - $13.3M Bond Sale

Fund 60 balance and expenses are included in the fund balance limit.



Scenario 3 - $13.3M Bond Sale

Fund 60 balance and expenses ***are not*** included in the fund balance limit.



Educational | O & M | Transportation | IMRF / SS | Capital Projects | Working Cash | Tort

LaGrange Highlands SD 106 | Updated Construction Project V2

Projection Summary

	BUDGET FY 2022	PROJECTED FY 2023	% Δ	PROJECTED FY 2024	% Δ	PROJECTED FY 2025	% Δ	PROJECTED FY 2026	% Δ	PROJECTED FY 2027	% Δ
REVENUE											
Local	$14,172,753	$14,414,693	1.71%	$15,683,137	8.80%	$16,766,271	6.91%	$16,968,015	1.20%	$17,517,027	3.24%
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Federal	$571,749	$668,911	16.99%	$348,911	-47.84%	$348,911	0.00%	$348,911	0.00%	$348,911	0.00%
Other	$0	$0		$0		$0		$0		$0	
TOTAL REVENUE	**$15,468,219**	**$15,897,321**	**2.77%**	**$16,796,265**	**5.65%**	**$17,778,899**	**5.85%**	**$17,980,643**	**1.13%**	**$18,529,655**	**3.05%**
EXPENDITURES											
Salary and Benefit Costs	$11,510,028	$11,804,770	2.56%	$12,265,098	3.90%	$12,653,446	3.17%	$12,940,176	2.27%	$13,284,737	2.66%
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TOTAL EXPENDITURES	**$18,289,325**	**$32,340,194**	**76.83%**	**$20,570,083**	**-36.39%**	**$18,217,676**	**-11.44%**	**$17,180,439**	**-5.69%**	**$17,392,220**	**1.23%**
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TOTAL OTHER FIN. SOURCES / USES	**$1,075,517**	**$14,191,667**		**$433,333**		**$241,667**		**$250,000**		**$258,333**	
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AUDIT ADUSTMENTS TO FUND BALANCE	$0	$0		$0		$0		$0		$0	
PROJECTED YEAR END BALANCE	**$15,443,637**	**$13,192,430**		**$9,851,946**		**$9,654,835**		**$10,705,040**		**$12,100,808**	
FUND BALANCE AS % OF EXPENDITURES	84.44%	40.79%		47.89%		53.00%		62.31%		69.58%	
FUND BALANCE AS # OF MONTHS OF EXPEND.	10.13	4.90		5.75		6.36		7.48		8.35	

Scenario 3 - $13.3M Bond Sale

This scenario shows that our fund balances will decrease through FY24 as we increase staff and pay for the construction project. Beginning in FY25, we notice that the fund balances start to grow again. The low-cash point within these projections is just over $4.6M.

	Scenario 3 (Borrow $13.3M)
End of Year Fund Balance	$9.6M
Percentage of Prior Year Total Expenses	53%
Percentage of Prior Year Operating Expenses (Board Policy Fund Balance Limit)	59% (40%)
Months	7.1
Low-Point Fund Balance	$4.6M
Months	3.4

Capital Financing Options

	Scenarios 1 & 2 (Borrow $12.2M)	Scenario 3 (Borrow $13.3M)
End of Year Fund Balance	$8.5M	$9.6M
Percentage of Prior Year Total Expenses	47%	53%
Percentage of Prior Year Operating Expenses (Board Policy Fund Balance Limit)	52% (40%)	59% (40%)
Months	6.2	7.1
Low-Point Fund Balance	$3.5M	$4.6M
Months	2.6	3.4

Recommendation: Issue bonds for our DSEB capacity of $13.3M. This will allow us to maintain an additional $1.1M in reserves to support operating expenses as inflation continues to increase our costs.