

The Unit 7 School District Board of Education and Administration, working with district stakeholders, has enhanced the education facilities of the Unit 7 School District since 2010. The district has spent \$9,200,000 on improving facilities that has directly impacted the educational experience for our children since 2010. The Unit 7 School District has spent \$2,726,290 on upgrading our athletic facilities since 2019. The athletic upgrades have added great educational value as well.

Alternate Revenue Bonds- All of these upgrades were paid for out of the revenue stream from county sales tax. The Unit 7 School District receives approximately \$1,250,000 in revenue from the county sales tax. The Unit 7 School District bonded out against this revenue stream through alternate revenue bonds to pay for all facility upgrades; currently, of the approximate \$1,250,000 that we receive annually, we spend \$1,100,000 to pay off the existing bonds. We have 4 bonds outstanding as of today. Property owner taxpayers in the Unit 7 District are not financially impacted by these bonds.

Tax Rates-The following list is the district tax rate that impacts property tax owners since 2016:

2016- \$4.4437	2017- \$4.3528	2018- \$4.2661	2019- \$3.9727
2020- \$4.0729	2021- \$3.4437		

Unit 7 Schools currently has one of the lowest tax rates in central Illinois and is a competitive rate throughout the State of Illinois.

Tax Caps-The Unit 7 School District is tax capped. This means the district will only receive money allotted through the capped process in regards to property tax dollar revenue at the county level. This typically means the Unit 7 district will leave anywhere from \$100,000 to \$700,000 annually on the table that is not extended to the district in the form of property tax revenue. This helps control the amount a person pays in property taxes for taxing bodies such as a school district that have equalized assess value growth every year.

Truth-in-Taxation Hearing-When a school district holds a truth in taxation hearing because they went over the 5% tax increase threshold and they are a tax capped district; it will not raise taxes for property taxes more than what the district is entitled to receive in property tax revenue. It only benefits the district to do this when new construction is relevant because new construction in any given tax year is not covered under tax caps and when there are big building projects happening that are not in a TIF district, the district could leave tax revenue if the district does not ask for more through the tax levy process.

Debt Service Extension Rate- This rate is set in place to control the amount of revenue a school district can receive when they issue bonds that do impact property tax owners. The Unit 7 School District's DSEB is currently set at \$185,605 for 2021. This increases annually based on the CPI increase. The district currently has two working cash bonds issued that impact tax payers in the amount of \$1,807,900. The amount of revenue that is brought in annually from these bonds cannot exceed \$185,605. This has a minimal impact to any one individual Unit 7 tax payer.

Future Improvements- The Unit 7 Board of Education is considering an addition of 4 classrooms to the H.S. facility. We have several teachers on carts that are sharing rooms and the additional classroom space will allow for better spacing of our children in that facility.

How might Tax Caps affect Bond Issues?

Because the District is under tax caps, it can issue non-referendum Limited Tax Bonds only within the levy amounts established prior to the caps (the "Debt Service Extension Base" or "DSEB"). Pursuant to Public Act 96-501 and commencing with the 2009 levy year, a school district's DSEB will increase annually by the lesser of 5% or the percentage increase in the Consumer Price Index during the 12-month calendar year preceding the levy year. The Debt Service Extension Base for your District for levy year 2021 is \$185,605. Referendum-authorized Bonds and Alternate Revenue Bonds are not subject to the DSEB.

How many Bonds can be Issued by the District?

The District is limited in the number of Bonds it can issue in that at the time of issuance of the Bonds, the District's total indebtedness including the proposed Bonds may not exceed the legal limit of 13.8% of the District's last certified Equalized Assessed Valuation (EAV).

The following are the District's EAV figures for the last three years.

<u>2018</u>	<u>2019</u>	<u>2020</u>	
\$229,361,157	\$235,196,852	\$243,090,473	w/ TIF
\$210,405,859	\$216,146,722	\$223,741,802	

Any increase or decrease in the District's EAV will also affect your debt limit. The following shows your District's current debt limit.

	<u>Debt Limit</u>
2020 EAV	\$243,090,473
13.8% of EAV	\$33,546,485
Less Bonds Outstanding	<u>\$1,807,900</u>
POTENTIAL BONDING CAPACITY	<u>\$31,738,585</u>

Note that for debt limit and bonding capacity calculations a District's total EAV figures are taken into consideration including any Tax Increment Financing (TIF) value or Enterprise Zone (EZ) value a District may have. However, for purposes of calculating the tax rate, any EAV directly attributed to the TIF or EZ district is not included.

What are Alternate Bonds?

Enactment of Public Act 85-1419 provides taxing bodies with another type of Bond issue which combines many of the advantages of Revenue Bonds and General Obligation Bonds. Alternate Bonds or "*double-barreled*" Bonds are General Obligation Bonds that are payable from enterprise system revenues or another revenue source, or both. In addition, the general obligation (property tax) acts as a back-up security for the Bonds if revenues are insufficient. These Bonds do not have to mature within 20 years as do General Obligation Bonds.

Unlike traditional Revenue Bonds, Alternate Bonds do not require the establishment and regular funding of restricted use reserve accounts.

The following conditions must be met before Alternate Bonds may be issued:

- a) The Bonds must be issued for a lawful purpose.
- b) Alternate Bonds are subject to a backdoor referendum. The District must adopt a resolution stating its intention to issue the Bonds and publish that resolution in the newspaper customarily used for publication purposes. If there is no petition signed by at least 7-1/2% of the registered voters of the District and filed with the Secretary within 30 days after publication, then the Bonds may be issued without referendum.
- c) It must be determined that there will be sufficient revenues to pay the maximum annual debt service plus an additional 25% coverage factor at the time the Bonds are issued.
- d) The District must pledge to use the indicated revenues for the payment of the Bonds. Alternate Bonds do not count against your General Obligation debt limit as long as they are retired from the pledged revenues and no property tax is extended to repay the Bonds.

How will the Bond Issue Notification Act affect the proposed issue?

House Bill 2695 which passed the Legislature during the 1996 session and was updated by Senate Bill 932 during the 1999 session, requires that a public hearing be held for most non-referendum Bond issues prior to adopting the final Bond resolution. Some of the highlights of the Bond Issue Notification Act, as amended, include:

- ▶ The hearing required under the Act may be set by the Board or by the Board President.
- ▶ The notice of the hearing must be published at least 7 days but no more than 30 days ahead of the date of the hearing.

- ▶ The notice of the hearing must be posted at least 48 hours before the hearing at the principal office of the District.
- ▶ The hearing may be at a regular or special meeting of the Board.
- ▶ The final Bond resolution may not be acted on for at least 7 days following the conclusion of the hearing.

How will a Bond Issue Affect the Tax Rate?

In order to have a clear picture of what a Bond issue might do to your District's tax rate, it might be helpful to review the District's previous years' tax rates.

<u>TAX RATE BY FUND</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>
Education	\$2.5703	\$2.5953	\$2.5974
Bonds & Interest	0.0824	0.6790	0.5769
Operation & Maint.	0.3713	0.3747	0.3748
I.M.R.F.	0.0631	0.0608	0.0607
Transportation	0.1470	0.1483	0.1483
Working Cash	0.0058	0.0058	0.0057
Fire Prevention/Safety	0.0000	0.0000	0.0000
Special Education	0.0240	0.0241	0.0240
Liability Insurance	0.1069	0.1078	0.1078
Social Security	0.0765	0.0771	0.0771
Lease & Tech	<u>0.0000</u>	<u>0.0000</u>	<u>0.0000</u>
TOTAL	\$3.4473	\$4.0729	\$3.9727

In determining the structure of your District's potential Bond issue project it might be helpful to consider the answers to these questions as they reflect your District's needs.

1. Would the District prefer to retire the debt within a particular time frame?
(Bonds must mature within 20 years.)
2. Would the District prefer to maintain, increase or decrease its current Bond and Interest tax rate?
3. How does the proposed Bond issue coordinate with the District's currently outstanding debt and any future debt and/or fund balances?
4. How soon do you need to recover bonding capacity in light of future potential financing?

TOLONO CUSD #7, Champaign County, Illinois

PRIOR ALTERNATE REVENUE BONDS OUTSTANDING

Due	2013 Alternate Revenue Bonds		2014B Alternate Revenue Bonds		2017 Alternate Revenue Bonds		2021 Taxable Rfdg. Alternate Revenue Bonds		Fiscal Total
	Principal 12/1	Fiscal Total	Principal 12/1	Fiscal Total	Principal 12/1	Fiscal Total	Principal 12/1	Fiscal Total	
2021	\$745,000	\$764,550	\$0	\$35,050	\$0	\$125,750	\$50,000	\$102,882	\$1,028,232
2022	320,000	324,560	450,000	477,288	0	125,750	50,000	102,037	1,029,635
2023			550,000	559,763	245,000	367,075	55,000	106,149	1,032,987
2024					820,000	926,100	55,000	105,220	1,031,320
2025					850,000	931,050	55,000	104,290	1,035,340
2026					880,000	934,000	55,000	103,361	1,037,361
2027					905,000	926,600	55,000	102,431	1,029,031
2028					100,000	101,750	855,000	894,742	996,492
2029							975,000	998,255	998,255
2030							660,000	666,996	666,996
	<u>\$1,065,000</u>	<u>\$1,089,110</u>	<u>\$1,000,000</u>	<u>\$1,072,101</u>	<u>\$3,800,000</u>	<u>\$4,438,075</u>	<u>\$2,865,000</u>	<u>\$3,286,363</u>	<u>\$9,885,649</u>

Non-Callable

Non-Callable

/c/ 12-1-2023

/c/ 12-1-2025

Schedule R-ALT REV

November 17, 2021



Rule G-17 of the Municipal Securities Rulemaking Board ("Rule G-17") requires that we (the "Underwriter") disclose certain information regarding the nature of our relationship with you (the "Issuer") as follows: (A) Rule G-17 requires the Underwriter to deal fairly at all times with both municipal issuers and investors; (B) The Underwriter's primary role is to purchase securities with a view to distribution in an arm's-length commercial transaction with the issuer, and the Underwriter has financial and other interests that differ from those of the issuer; (C) Unlike a municipal advisor, the Underwriter does not have a fiduciary duty to the issuer under the federal securities laws and the Underwriter is, therefore, not required by federal law to act in the best interests of the issuer without regard to the Underwriter's own financial or other interests; (D) The issuer may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the issuer's interests in the transaction; (E) The Underwriter has a duty to purchase securities from the issuer at a fair and reasonable price, but must balance that duty with the Underwriter's duty to sell municipal securities to investors at prices that are fair and reasonable; and (F) The Underwriter will review the official statement for the issuer's securities in accordance with, and as part of, the Underwriter's responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.

TOLONO CUSD #7, Champaign County, Illinois

PRIOR G.O. BONDS OUTSTANDING

2020 EAV: \$223,741,802

2021 DSEB: \$185,605

Year	2019A Taxable Ltd. WCF Bonds		2020 Taxable Ltd. WCF & Refunding Bonds		Total Levies
	Principal 1-Feb	P&I Levy	Principal 1-Feb	P&I Levy	
2020		\$ 144,757		\$ 37,517	\$ 182,273
2021	\$ 158,100	151,547		30,766	182,312
2022	132,400	152,197		30,766	182,962
2023	142,500	152,204		30,766	182,969
2024	146,000			182,766	182,766
2025	149,000			182,802	182,802
2026			\$ 152,000	182,469	182,469
2027			155,000	182,756	182,756
2028			158,000	182,706	182,706
2029			162,000	182,390	182,390
2030			166,000	182,800	182,800
2031			170,000	102,900	102,900
2032			175,000		
2033			100,000		
	\$ 569,900	\$ 455,947	\$ 1,238,000	\$ 1,473,885	\$ 1,929,831

/c/ 2-1-2026

2020/21 Bond & Interest Tax Rate = 8.24 ¢

Est. 2021/22 Bond & Interest Tax Rate = 8.15 ¢

Schedule R
November 17, 2021



Rule G-17 of the Municipal Securities Rulemaking Board ("Rule G-17") requires that we (the "Underwriter") disclose certain information regarding the nature of our relationship with you (the "Issuer") as follows: (A) Rule G-17 requires the Underwriter to deal fairly at all times with both municipal issuers and investors; (B) The Underwriter's primary role is to purchase securities with a view to distribution in an arm's-length commercial transaction with the Issuer, and the Underwriter has financial and other interests that differ from those of the Issuer; (C) Unlike a municipal advisor, the Underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and the Underwriter is, therefore, not required by federal law to act in the best interests of the Issuer without regard to the Underwriter's own financial or other interests; (D) The Issuer may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the Issuer's interests in the transaction; (E) The Underwriter has a duty to purchase securities from the Issuer at a fair and reasonable price, but must balance that duty with the Underwriter's duty to sell municipal securities to investors at prices that are fair and reasonable; and (F) The Underwriter will review the official statement for the Issuer's securities in accordance with, and as part of, the Underwriter's responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.