

Frequently Asked Questions

Q: Why was the proposed issuance of this working cash bond not added to the November ballot as a referendum for Marengo taxpayers to vote on? Are you not legally bound to get taxpayer approval through a referendum before issuing this bond? If not, why not?

A: There are several types of non-referendum bonds that a school district can issue. One of those that can be issued by the Board of Education per Article 20 of the IL School Code is a working cash bond which doesn't require a referendum.

Years ago the community supported the construction of the High School. With that support came the responsibility of the School Board to ensure the longevity of the building, its use and the ability of students and community to continue benefiting for years to come. The long-term planning for current and upcoming maintenance and repairs is an essential component of this.

Q: What is the cap on the amount of money that District 154 is able to issue in bonds? What percentage of this amount of money is the district able to issue without a referendum?

A: The principal amount cannot exceed 85% of the taxes allowed to be levied for educational purposes for the current year, plus 85% of the last known personal property replacement tax entitlement. The amount of money school boards are able to issue in non-referendum bonds is also limited by the District's Debt Service Extension Base, which was determined in 1994 and then adjusted in 2009 with Public Act 96-0501. This increases the amount, based on the consumer price index, for non-referendum bonds that school boards are able to issue annually. This means that the annual debt service or amount of funds needed to cover interest and principal payments on debt for the year 2020 cannot exceed \$367,509 for our school district.

Q: Does that have anything to do with why the bond amount was set at \$3.3 million rather than funding the entire \$7.78 million through bond money? Or what is the reasoning behind this particular split?

A: District 154 can approve a maximum of \$3.3 million in bonds by a board vote without a voter referendum. While the School Board is requesting \$3.3 million, they have the ability to sell a lesser amount should they choose to do so.

Q: If the school passes a working cash bond can the proceeds from that be used to fund things like salaries instead of building repairs and maintenance?

A: Working cash bonds must be used in strict accordance with Illinois law. A working cash fund can be used for many school expenses, however in this instance the school would be selling the bond on a nontaxable basis so any proceeds would have to be spent on nontaxable items, thus the school could not use the funds for salaries.

Q: If the petition calling for a referendum to consider the issuance of this bond is signed by over 1,006 taxpayers before the district's public hearing on July 29, will the district honor the request for a referendum?

A: If the petition is signed by 1006 taxpayers prior to the public hearing on **JUNE 29**, the Board can either proceed with the petition request by placing the bond issue on the ballot for November 2020, or they can vote to not proceed.

Q: What will the public hearing on July 29 consist of?

A: The public hearing on **JUNE 29** will include a presentation about the proposed working cash bond, sharing of frequently asked questions and answers, and an opportunity for public comments from community members within the school district boundaries.

Q: If there is a significant outcry against the working cash bond from taxpayers, does the district have any alternate plans or potential areas of funding for these building repairs? What is plan B?

A: The district is planning to levy the operations and maintenance fund at the current allowable rates to continue paying for as much building maintenance as possible; however, those funds will not cover all expenditures for long term maintenance and repairs. The building was first opened to students in 2004 and many of the technology, plumbing and mechanical systems are becoming outdated simultaneously, presenting an unusual challenge. Once we are able to implement a staggered schedule of significant repairs over time, the burden of having to pay for repairs all at once will lessen.

If we defer repairs and maintenance, it may lead to more costly work later. The operations and maintenance fund had \$675,829 at the end of May. Although we could use our fund balance for some of the repairs, it would be a very short term plan due to the millions needed.

A county school facility sales tax has been brought into discussion by community members as a supplemental funding source to address school facility needs. However, this is not a viable option for a single school district to implement, as it requires school district boards that represent at least 51% of the student enrollment within the county for initiation.

The district also continuously seeks grant funding and incentives available from sources such as: various ComEd lighting and energy incentives, school maintenance grants, and other state grants that specifically address building repairs. We have been successful in securing resources in the past and will continue to seek them out; however this is unlikely to fund all the long term maintenance and repairs anticipated.

Q: How would you respond to members of the public who might say that, given the economic impact of COVID-19, taxpayers may really need the full reduction on their taxes that they would

see without the addition of the 2020 working cash bond? Is there any sense in waiting a year or two to issue this bond once the economy has had the chance to bounce back a bit?

The Board of Education recognizes the impact that COVID-19 has had on the community, and also the related challenges concerning property tax payments. Even if the Board does pass the non-referendum bond immediate action is not required and they would have up to three years before moving forward with the sale of the bond. However, interest rates in the future may not be as favorable as they are at the current time. In December 2020, the School will make its final payment on the current construction bond, which will result in a reduction of the tax levy by 0.80 in 2021. The proposed working cash bond would be 0.10 on the tax levy. The result would be that taxpayers would still see a significant reduction in their taxes even with the proposed working cash bond.

Q: Is there a benefit to securing the funding for the full extent of these building repairs now rather than doing the repairs/replacements/upgrades little by little over time as funding becomes available?

A: The benefit of using a bond for a portion of the building repairs now is the ability to obtain funding sooner while paying the principal and interest back over time. This helps to spread out the burden of expenses for the building maintenance and repair, as opposed to increasing taxes or negatively impacting the budget significantly over a shorter term. By completing maintenance and repairs now this will help to ensure many years of continued student and community use of the facilities as we have seen since 2004.

Q: How did the school determine the significant needs for the building and grounds and the costs anticipated for those needs?

A: The district utilized architectural and engineering services to identify needs and costs associated with repairs and maintenance beyond that already identified by school personnel. This impartial review by building experts helped us to determine the timing for needed replacement or repair of key technology, plumbing, and mechanical systems.

Q: Has the district ever used non-referendum bonds in the past for funding and how common is this?

A: Schools regularly use these types of bonds. The most recent working cash bond, intent to issue at Marengo High School, was approved by the school board by resolution on August 22, 1991. It was approved for issue in September 1991 and available for delivery on September 30, 1991. This was issued without being placed on a ballot.