

Monona Grove School District

Operational Borrowing Discussion

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Baird Public Finance

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Operational Solutions

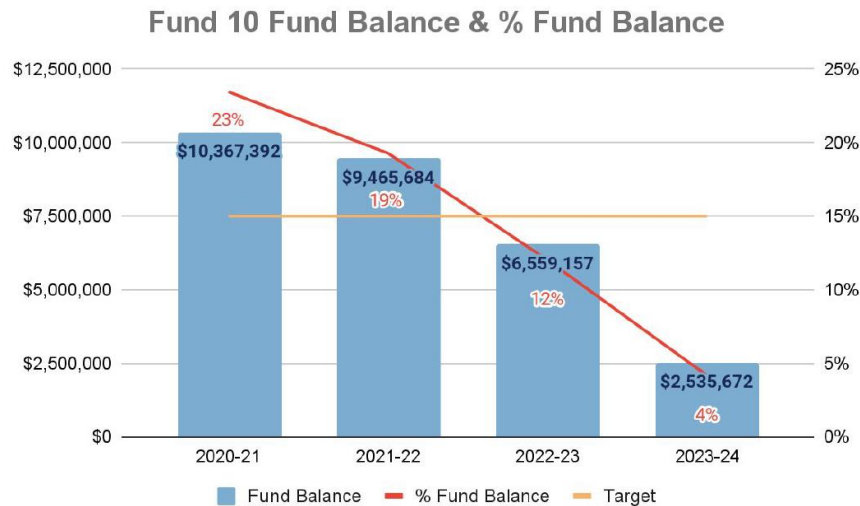
- Annual budget (Fund 10)
 - Reduce expenses
 - Consider additional revenue sources
- Fund balance (Fund 10)

Borrowed Funds

- Non-Referendum borrowing (Fund 38)
 - “Inside the Revenue Limit” Budget impact (not levy impact)
 - \$1 million exemption without petition process
 - > \$1,000,000 with petition process



Fund Balance Decline



2023-24 Fund Balance is unaudited.

Business Office Current Status:

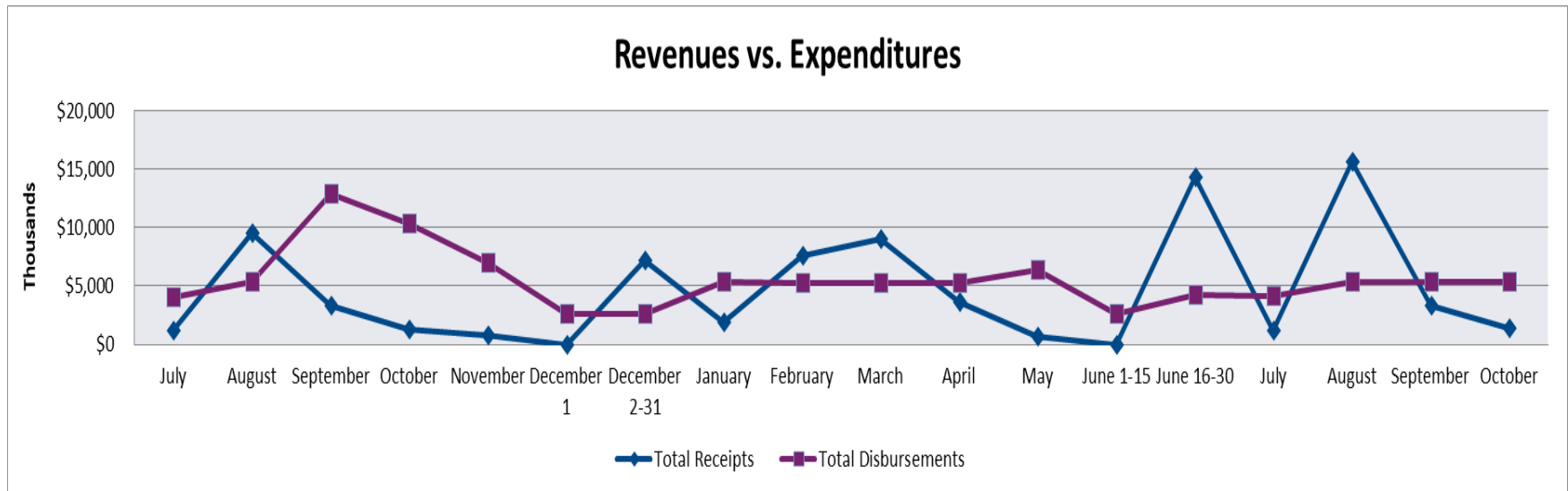
- Updating current budget
- Projecting End-of-Year
- Reviewing Cash Flow

Fund 38 Borrowing Amount:

- Replenish Fund Balance
- Provide additional Operating Funds through 6-30-25

Cashflow needs

- The timing of revenues does not match the payment of expenses
- Periodically, a district may need to borrow funds as it waits for taxes and aid to be received
- There should be a point in the year when budgeted revenue can repay the borrowing
- Adequate fund balance reduces reliance on cash flow borrowing



2023-24 Cash Flow Borrowing

- \$7,170,000 Tax and Revenue Anticipation Note (TRAN)- Due 9/24/24
- \$5,000,000 Taxable Line of Credit – to be paid 10/03/2024
- The District will issue a new TRAN in early October 2024 for 2024-25 expenses.
- The District must pay the 2023-24 borrowings prior to issuing the new TRAN.

Cash Flow Borrowing

- Purpose – Provide temporary revenue resources during current budget cycle
- Security pledge is budgeted revenue & available funds (current budget)

Fund 38 Borrowing

- Purpose – pay for operating expenses
- Security pledge is annual debt service levy (subsequent budgets)

Fund 38 Loan

- Borrow for operational needs
- Payments are made within the Revenue Limit
- Requires publication of a Class 1 Notice & 30 - day petition period
- Interest on the loan is taxable for Federal Income purposes

Example – Fund 38 Loan

		PRIVATE PLACEMENT				
		\$7,000,000				
		TAXABLE GENERAL OBLIGATION PROMISSORY NOTE				
		<i>Dated: October 2, 2024</i>				
		<i>(First Interest: May 1, 2025)</i>				
LEVY YEAR	YEAR DUE	PRINCIPAL (5/1)	INTEREST (5/1 & 11/1)	TOTAL	YEAR DUE	
		Avg Rate= 5.50%				
2023	2024				2024	
2024	2025		\$416,014	\$416,014	2025	
2025	2026	\$618,000	\$368,005	\$986,005	2026	
2026	2027	\$653,000	\$333,053	\$986,053	2027	
2027	2028	\$690,000	\$296,120	\$986,120	2028	
2028	2029	\$729,000	\$257,098	\$986,098	2029	
2029	2030	\$770,000	\$215,875	\$985,875	2030	
2030	2031	\$814,000	\$172,315	\$986,315	2031	
2031	2032	\$859,000	\$126,308	\$985,308	2032	
2032	2033	\$908,000	\$77,715	\$985,715	2033	
2033	2034	\$959,000	\$26,373	\$985,373	2034	
		\$7,000,000	\$2,288,874	\$9,288,874		

** This illustration represents a mathematical calculation of potential debt service, assuming hypothetical interest rate. Actual interest and costs of issuance will vary. This illustration provides information and is not intended to be a recommendation, proposal or otherwise considered advice.*

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Tentative Timetable for the Fund 38 Loan

August 22, 2024	Discuss Funding Options
August 22 Board Meeting	Board approves concept and <u>estimated</u> borrowing amount
August 22 Board Meeting	Board approves Resolution and Clerk Publishes a Class 1 notice (within 10 days of Resolution adoption)
August 29, 2024	Notice Appears in Newspaper
30 days from Class 1 Publication	End of Petition Period – Clerk provides executed <u>Certificate of No Petition</u> along with affidavit of publication
September 28, 2024	Petition Period ends
October 2, 2024	Fund 38 Loan Funds Available
October 3, 2024	Payoff 2023 Taxable Line of Credit
Early October	2024-25 TRAN

Questions?

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