

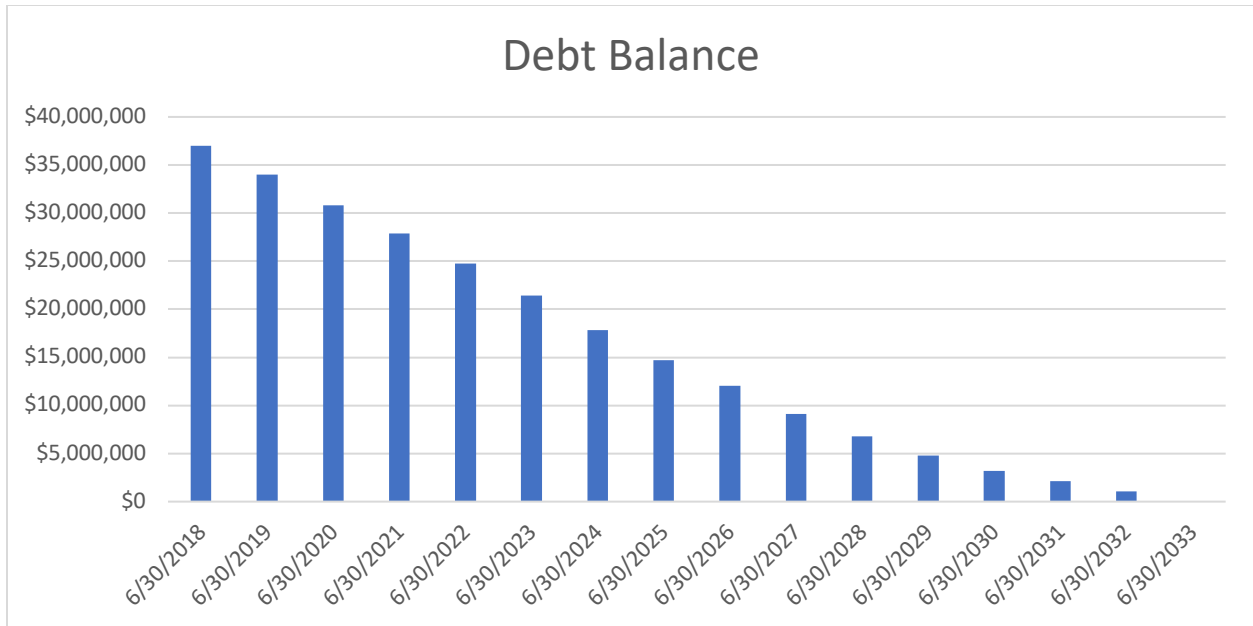
As Paul Harvey used to say, “And now, the rest of the story....”

In the last few weeks, public comments have been made questioning Mahomet-Seymour CUSD #3 for its financial profile score on the Illinois State Board of Education (ISBE) website. While raw data points one direction, below I will show the reality of our districts finances and you will see that independent experts assign us a very high credit rating. Not to mention we have low and stable property taxes, and a rapidly shrinking debt load.

Let’s start with a little historical perspective. During the unprecedented education funding shortfall from 2012 to 2017, the State of Illinois shorted M-S schools by \$4,000,000, leaving a significant gap in our operating funds. **This decrease in state funding significantly impacted M-S’s finances disproportionately more than the average school district mostly due to our low property tax receipts relative to other districts.** This lack of revenue makes a significant difference in the outcome of the financial profile score. Despite this challenge, the School Board and Administration continued to find ways to fund programs and even add teachers to reduce class size during this time period. Although the funding model in Illinois has changed since 2017, M-S’s finances are still recovering from this gap left behind by the State.

The ISBE’s financial profile score is an assessment of a school district’s financial health, not financial responsibility. While the financial profile attempts to sum up the financial health of a school district in one simple score, it’s often the contextual details that are more meaningful. For example, in the ISBE financial score, ALL debt of the school district is recorded, while the 1% Champaign County sales tax is **NOT** included. Imagine if your own personal credit score were based on all your financial obligations BUT did not consider all of your income sources. That would not provide a complete picture of your financial position. The ISBE report is doing just that when looking at the overall financial picture of the Mahomet-Seymour school district.

The percentage of long-term debt the school district has is largely the mortgage for Middletown Prairie Elementary (MPE). It is incredibly rare for a school district to pay cash for a new facility. In our case, Phase I and Phase II of MPE cost approximately \$32 million. The annual mortgage payment for this state-of-the-art facility is \$1.9 million annually. M-S receives approximately \$2.4 million annually from the 1% sales tax. **It is worth noting that, by law, any debt using an alternate revenue source (i.e. 1% sales tax) shouldn’t even be included in the financial profile score.** According to Illinois State statute, 30 ILCS 350, “alternate revenue bonds shall not be regarded as or included in any computation of indebtedness for the purpose of any statutory provision or limitation except as expressly provided in this Section.” In simple, yet accurate terms, that means the ISBE report does not account for all the revenue being realized by the Mahomet-Seymour school district.



M-S is rapidly paying down the mortgage on these buildings. By the Fall 2020, the outstanding debt will be reduced from approximately \$35 million today to just over \$28 million. This rapid paydown of debt is an excellent example of the fiscal responsibility the school district has shown our taxpayers while still constructing two new buildings to service our students. Standard & Poor’s is universally recognized as the leading bond rating agency in the world for debt issues. They are disinterested third parties whose sole job is to provide expert recommendations to investors worldwide about the credit quality of debt issuers. **They have assigned Mahomet-Seymour a rating of “A+”.** This is a very high rating that considers **all areas** of our finances and adjusts for the distortions of the ISBE report. It is further evidence of the school districts strong financial stewardship.

Another metric that is affected by the State of Illinois’ funding shortfall is days of cash on hand. The ISBE scores school districts using 180 days as the top of the scale. For the last several years, M-S has hovered around 90 days of cash on hand which negatively impacts our score. By recommendation of our administration, we determined that 90 days of cash on hand is more realistic and responsible to our taxpayers. Historically, M-S has had a relatively level tax rate since 1994 so we recognize the sensitivity to property tax change. In fact, M-S has the 2nd lowest school district tax rate in Champaign/Ford counties. Accumulating excessive cash reserves just to look good on an ISBE report does a disservice to our taxpayers.

The facts are clear. The Mahomet-Seymour school district has weathered many challenges and yet continues to move forward progressively and responsibly. The Board of Education and Administration have worked tirelessly to balance operational budgets and keep property taxes level for decades, all while providing the highest quality education in Central Illinois. This is no small task. With proper leadership, we will continue this for years to come.