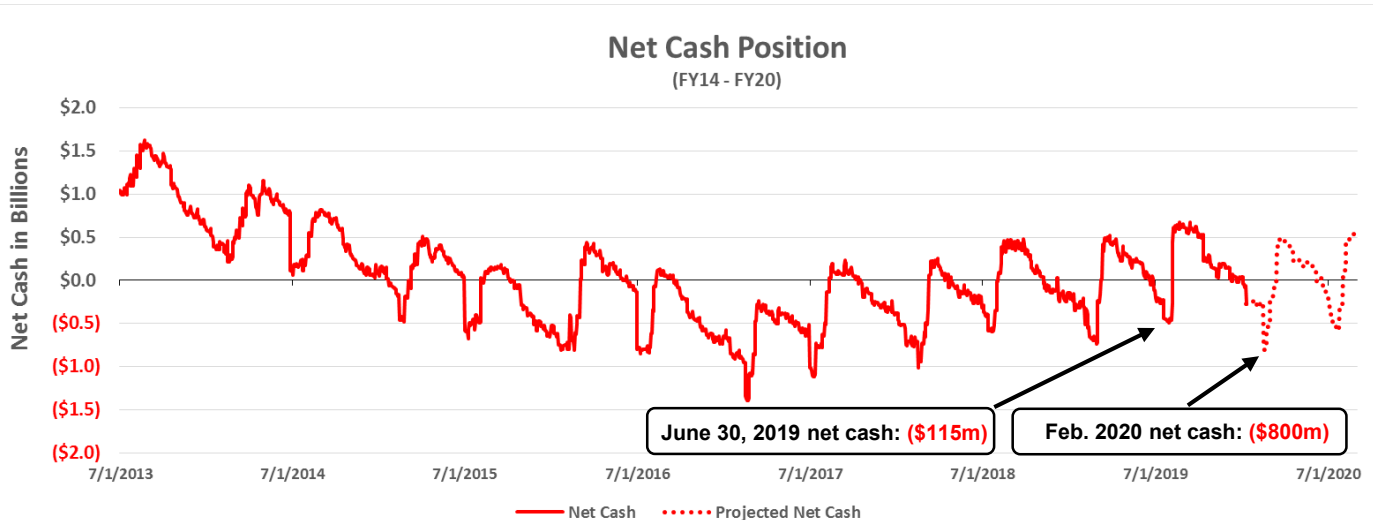


Cash and TANS – Ending the FY19 Fiscal Year

- Despite a FY19 accounting audit over performance of \$147M and a General Fund Balance now totaling \$471M, CPS still ended FY19 with **Negative Net Cash of (\$115M)**.
 - Based on \$450M in TANS owed and \$335M of actual Operating Account bank balance.
- **Negative Net Cash will be ~(\$800M) in February 2020** and the TANS outstanding will be **~\$850M (est.)**.



Why is Fund Balance Positive When Net Cash is Negative?

- In FY15, the revenue recognition period was changed to report revenues from 30 days to 60 days; it also aligned with other Cook County area governments.
- This change allowed the Board to budget and spend over \$648m of property taxes in August 2014.
- Due to the increased property tax levy, this revenue recognition will add ~\$1.2B of revenue in FY20.
- **Without revenue recognition, the general operating fund balance would be approx. (\$700M).**

CPS Balances its FY2015 Budget with Accounting Maneuver that Changes the Time Period Used to Recognize Revenues



July 25, 2014

CPS is balancing its budget in FY2015 in large part by shifting the time period used to report revenues from 30 to 60 days. This will allow the District to access \$648.0 million in revenues that it would not otherwise have been able to use. However, this is a one-time maneuver that cannot be repeated in FY2016.

60-Day Revenue Recognition Policy adopted FY15

Fiscal Year still runs from July 1 – June 30

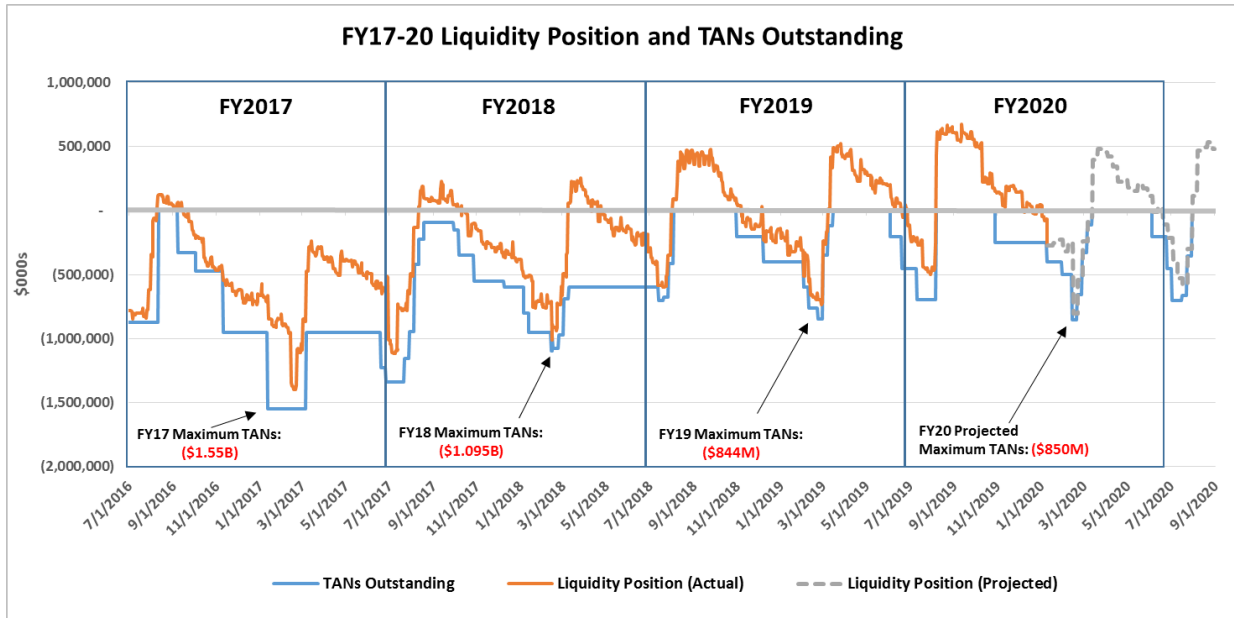


Revenue from August 30 – August 29 counts toward the Fiscal Year



Cash Borrowing Nearly Cut in Half Over Last 2-Years

- **Cash flow peaks and valleys due to timing of revenues/expenses.**
 - Large annual debt service and pension payment are due (by statute) just before 1st and 2nd installment of \$2.6B operating fund property taxes received.
Over last 2-years, short-term borrowing nearly cut in half – but it is still needed going forward.
 - CPS has had a \$706M TAN reduction from \$1.55B in FY17 to \$844M in FY19.
- **CPS now spends the year with 5 months in a net positive and 7 months in a net negative cash position.**



FY20 TANS / Cash Borrowing Program

- In August 2019, a new \$1.25B authorization for TANS was approved.
- Total amount of TANS outstanding at one time cannot exceed 80% of the taxes levied for 2019 tax levy year (collections in 2020).
- TANS borrowed against the first installment property taxes will be fully repaid in March 2020.
- Second installment TANS will be repaid with second installment property tax receipts and would be typically repaid fully in August 2020.

Issued and Projected Issuance Schedule For FY20 Authorized TANS			
First Installment		Second Installment	
Date	Par	Date	Par
10/29/19	\$250M	6/5/19*	\$200M*
1/9/20	\$150M	6/26/19*	\$250M*
1/31/19*	\$150M*	7/2/19*	\$250M*
2/14/19*	\$300M*		
Total	\$850M*	Total	\$700M*
Receipts	\$1.33B*	Receipts	\$1.23B*

*Estimated. Subject to change.

= Completed transactions.


Historical CPS Ratings

- Currently, despite the improved FY19 accounting audit financial outcome, CPS is still largely a sub-investment grade credit or a “Junk Bond” issuer.

	S&P	Moody's	Fitch	Kroll
AAA	Aaa	AAA	AAA	
AA+	Aa1	AA+	AA+	
AA	Aa2	AA	AA	
AA-	Aa3	AA-	AA-	
A+	A1	A+	A+	
A	A2	A	A	
A-	A3	A-	A-	
BBB+	Baa1	BBB+	BBB+	
BBB	Baa2	BBB	BBB	
BBB-	Baa3	BBB-	BBB-	
BB+	Ba1	BB+	BB+	
BB	Ba2	BB	BB	
BB-	Ba3	BB-	BB-	
B+	B1	B+	B+	
B	B2	B	B	
B-	B3	B-	B-	
CCC+	Caa1	CCC+	CCC+	
CCC	Caa2	CCC	CCC	
CCC-	Caa3	CCC-	CCC-	

 CPS Capital Improvement Tax Credit

 Current CPS GO Ratings

 Previous CPS GO Ratings
 Since the new State educational funding, CPS has secured 6 notch upgrades and 5 outlook upgrades

	Kroll	Fitch	S&P	Moody's
General Obligation				
Ratings:	BBB*	BB	BB-	B1
Outlook:	Positive	Stable	Positive	Positive
Capital Improvement Tax				
Ratings:	BBB	A	NR	NR
Outlook:	Positive	Stable	NR	NR

*Assumes impact of special revenue opinion; Underlying rating is BBB-