Updated Financial Projections

February 11, 2019

5Cast™

A powerful financial planning tool that can be used for:

- **Development of a multi-year financial plan**
- **Scenario comparisons and “what-if” analysis**
- **Detailed budget and performance analysis**
- **Budget preparation and upload to accounting system**
- **Budget distribution and stakeholder reporting**

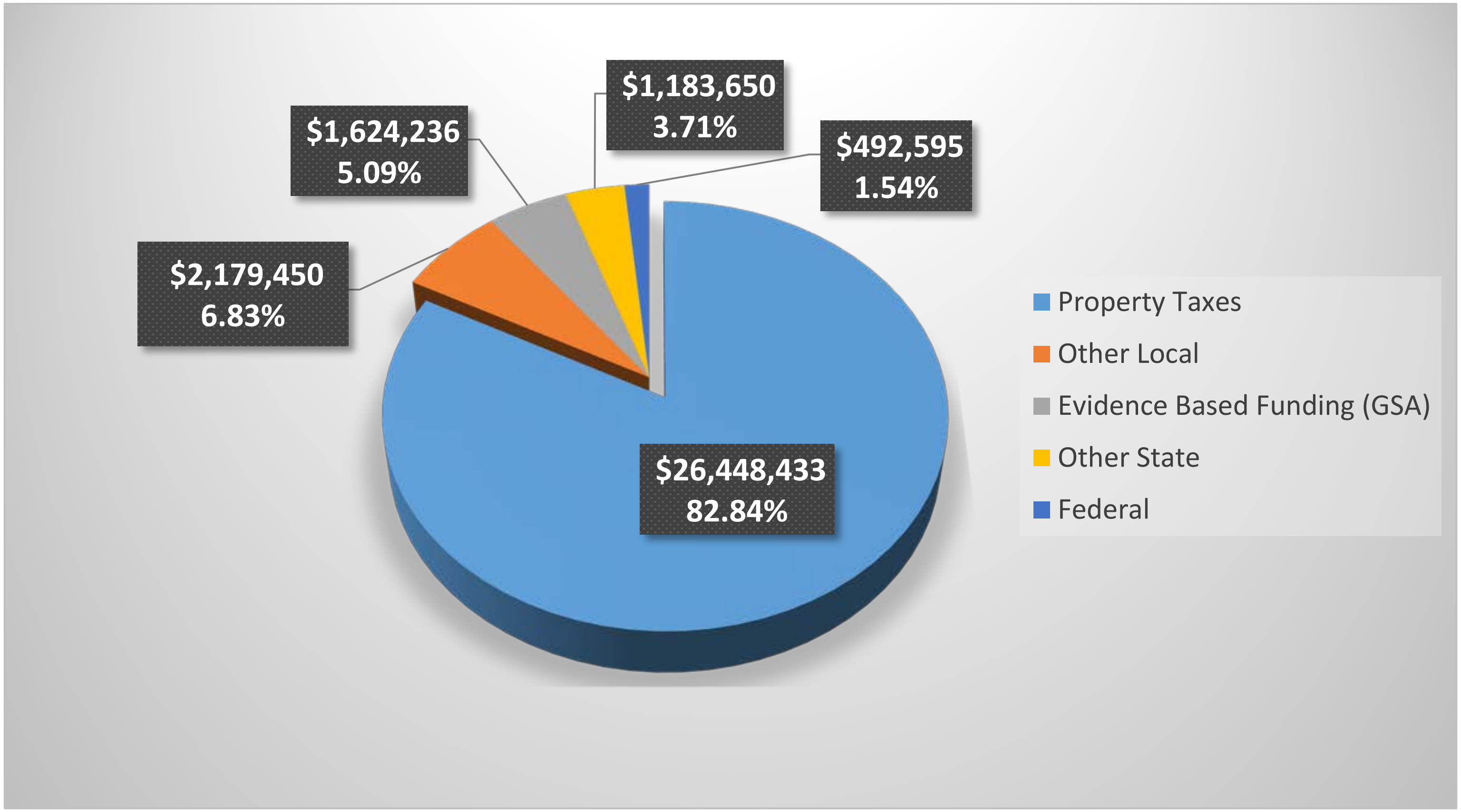
Data Elements

- **Five Years of Audited Annual Financial Report**
  - **Revenues, Expenses, and Balances**
- **FY19 Current Budget**
  - **Including adjustments for outliers**
- **Tax Levy / Extensions / Rates / Referendum**
- **Equalized Assessed Valuation/New Property**
- **Enrollment Projections**
- **District Assumptions**
  - **Scattergram**
  - **current collective bargaining agreement**
  - **salary & benefit assumptions**
  - **other contractual agreements**

Revenue Budget - Adjusted

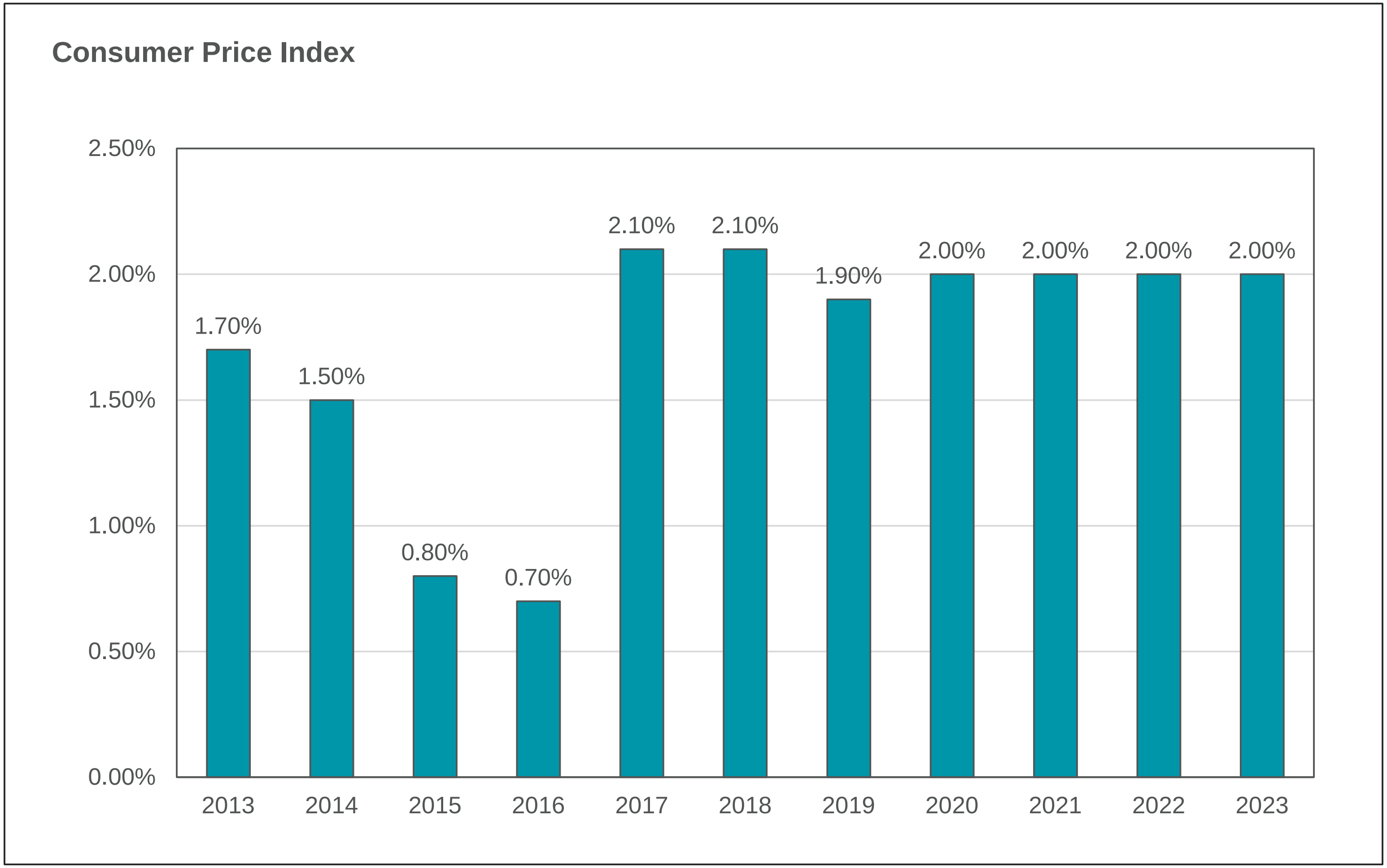
FY 2019 Budget

Revenue by Source – Operating Funds Budget Total = $31,928,364



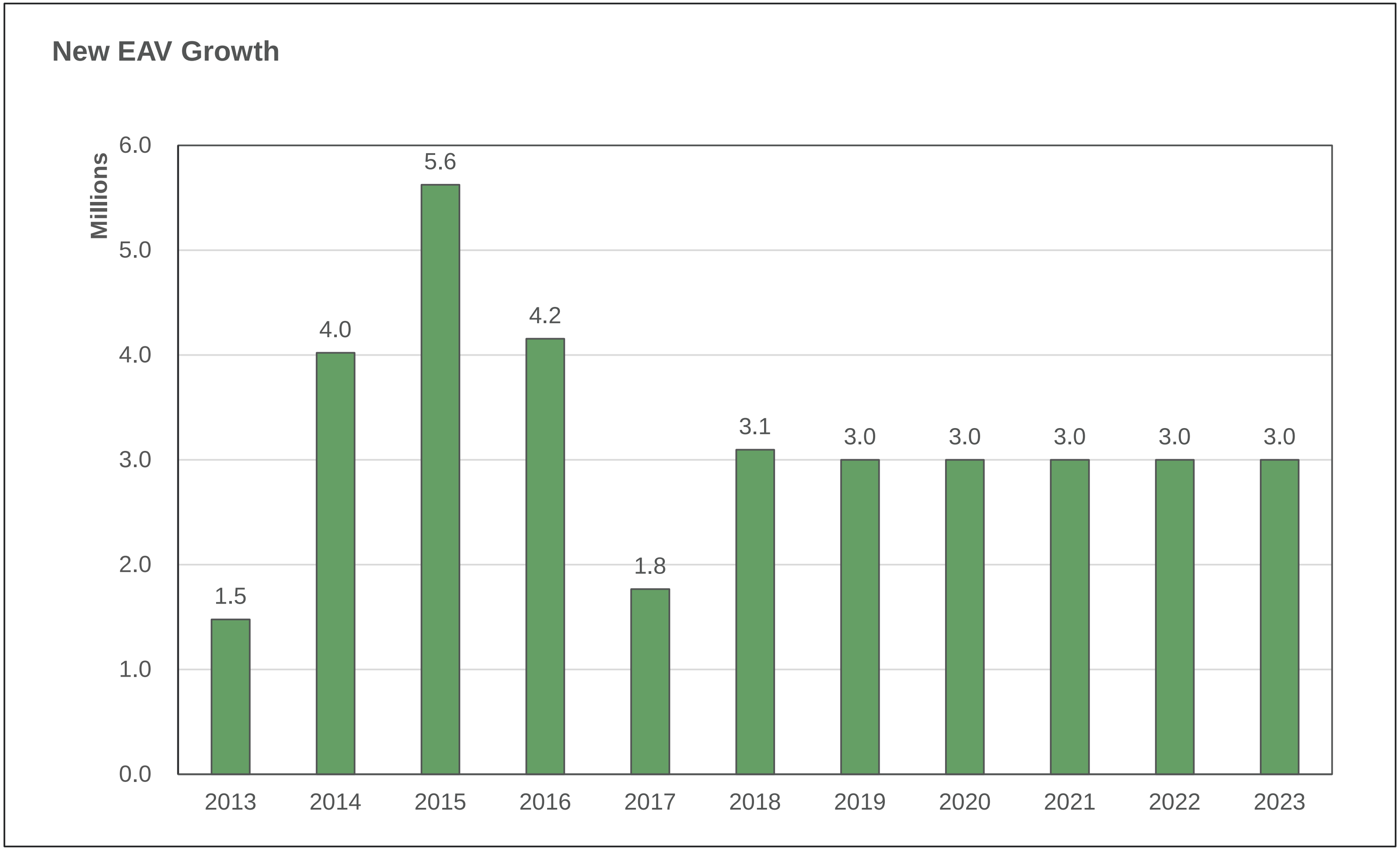
Operating Funds – Education, Operations & Maintenance, Transportation, Illinois Municipal Retirement, Tort and Working Cash Funds

Local Revenue: Tax Base Assumptions



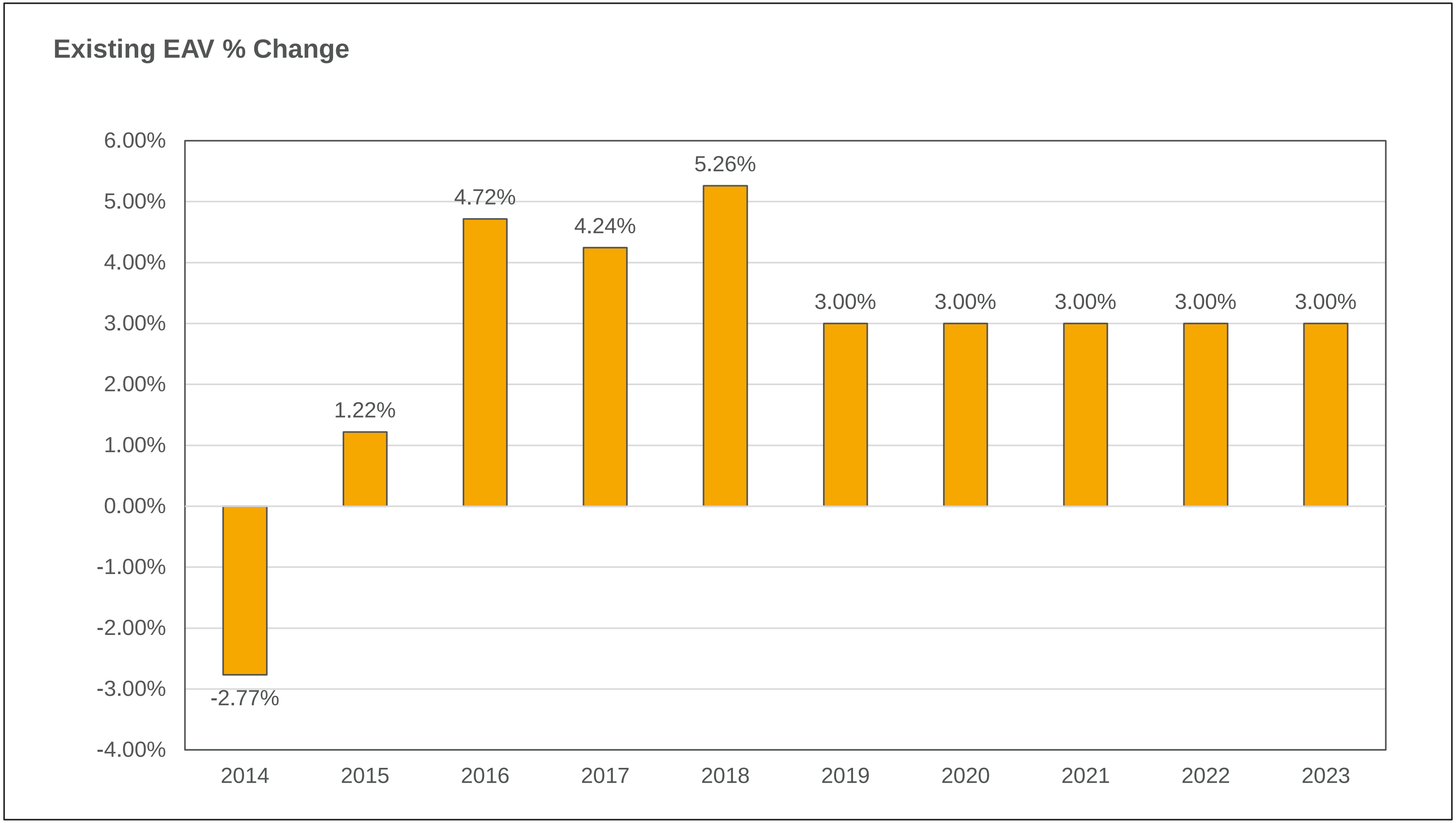
Decrease of .20% assumption from 2/3/18 projection model in year 2019

Local Revenue: Tax Base Assumptions



Increase of $.10M in new property in year 2018 over the 2/3/18 projection model

Local Revenue: Tax Base Assumptions



Prior four-year average (2014-2017) was 1.85%

Revenue Assumptions

- **Tax Levy**
  - **Successful Referendum**
    - **Voters approved <u>operating</u> tax rate of 3.3849%**
    - **Ballot question estimates based on 2017 data**
    - **Formula driven calculation finalized in March, 2019**
    - ***Adjustments made to the FY19 budget column to reflect <u>estimated</u> funds to be realized from referendum - FY18 levy collected in June of 2019***
  - **CPI 1% Δ ≈ +/- $280,000**
    - **12/31/18 CPI – 1.9%**
    - **Down 0.20% from 2/3/18 presentation**
    - **Reduction of $56K per year beginning with 2019 levy over prior estimates**

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Key Revenue Assumptions

- **Corporate Personal Property Replacement Tax (CPPRT)**
  - **Projected at current FY19 budget ($175,000/yr) with 1% annual increases**
- **Investment Income**
  - **Estimated 2.5% annual rate of return with 1% annual increases.**
  - ***Adjustment made to FY19 budget column to reflect actual revenues to date and expected through rest of FY19 – additional $103K***
- **Other Local Revenue**
  - **Food service sales, tuition, student fees - 1% annual increases**
  - ***Adjustment made to FY19 budget column to reflect additional $200K one-time payment from CASE fund balance disbursement.***
- **Federal Revenue**
  - **Projected at current FY19 budget – no increases**

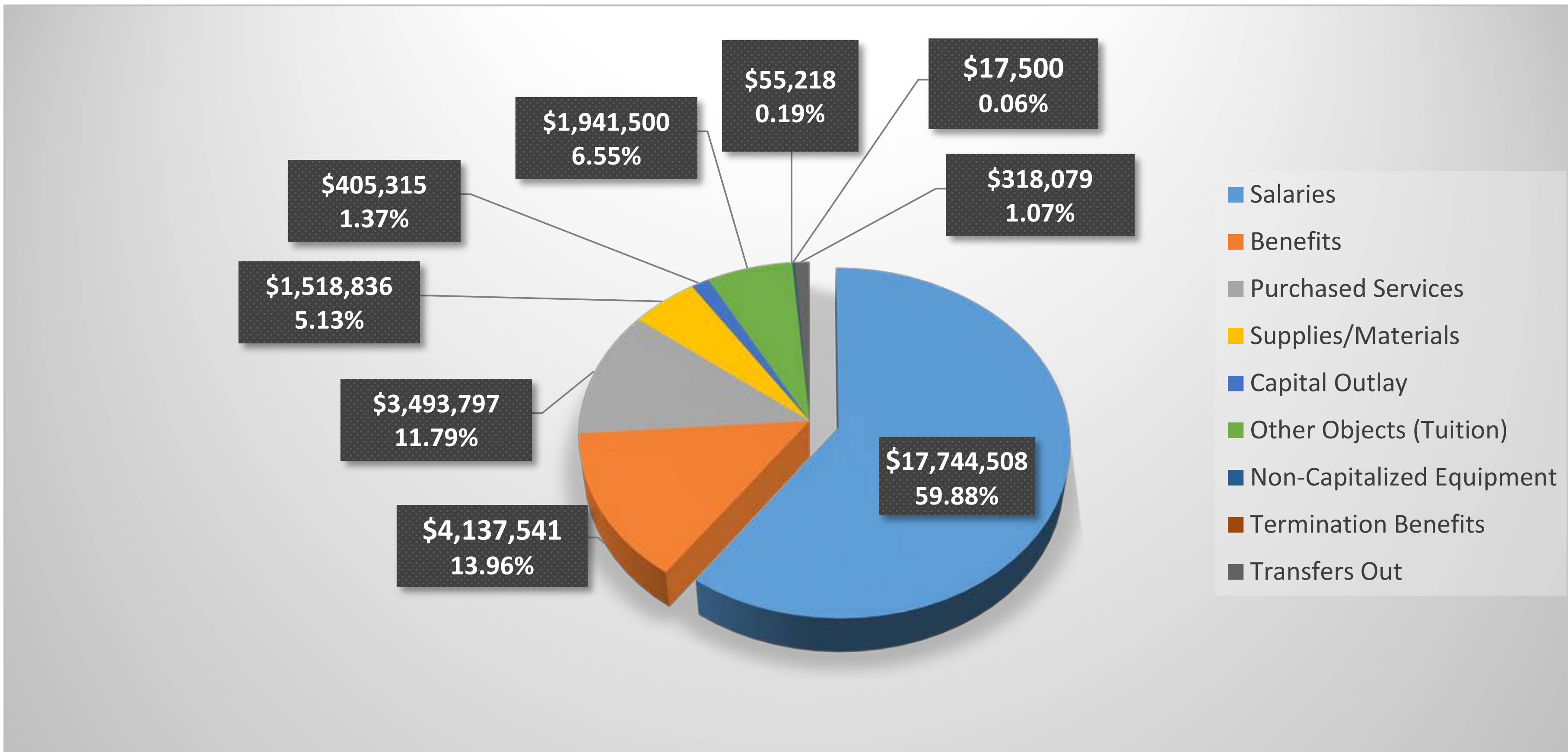
Key Revenue Assumptions

- **State Revenue**
  - **Evidence Based Funding – now includes:**
    - **General State Aid (GSA)**
    - **Special Ed – Extraordinary**
    - **Special Ed – Personnel**
    - **Bilingual Ed Grant**
    - **CASE Personnel Reimbursement**
    - **$1.62M per year – no increase in projections**
  - **Mandated Categorical Reimbursement (outside of EBF)**
    - **Special Ed – Private Facility**
      - ***Adjustment made to FY19 budget column based on final claim – reduction of $50K***
    - **Regular Ed – Transportation**
    - **Special Ed – Transportation**

Expense Budget - Adjusted

FY 2019 Budget

Expenditures by Object – Operating Funds Budget Total = $29,632,294



Operating Funds – Education, Operations & Maintenance, Transportation, Illinois Municipal Retirement and Working Cash Funds

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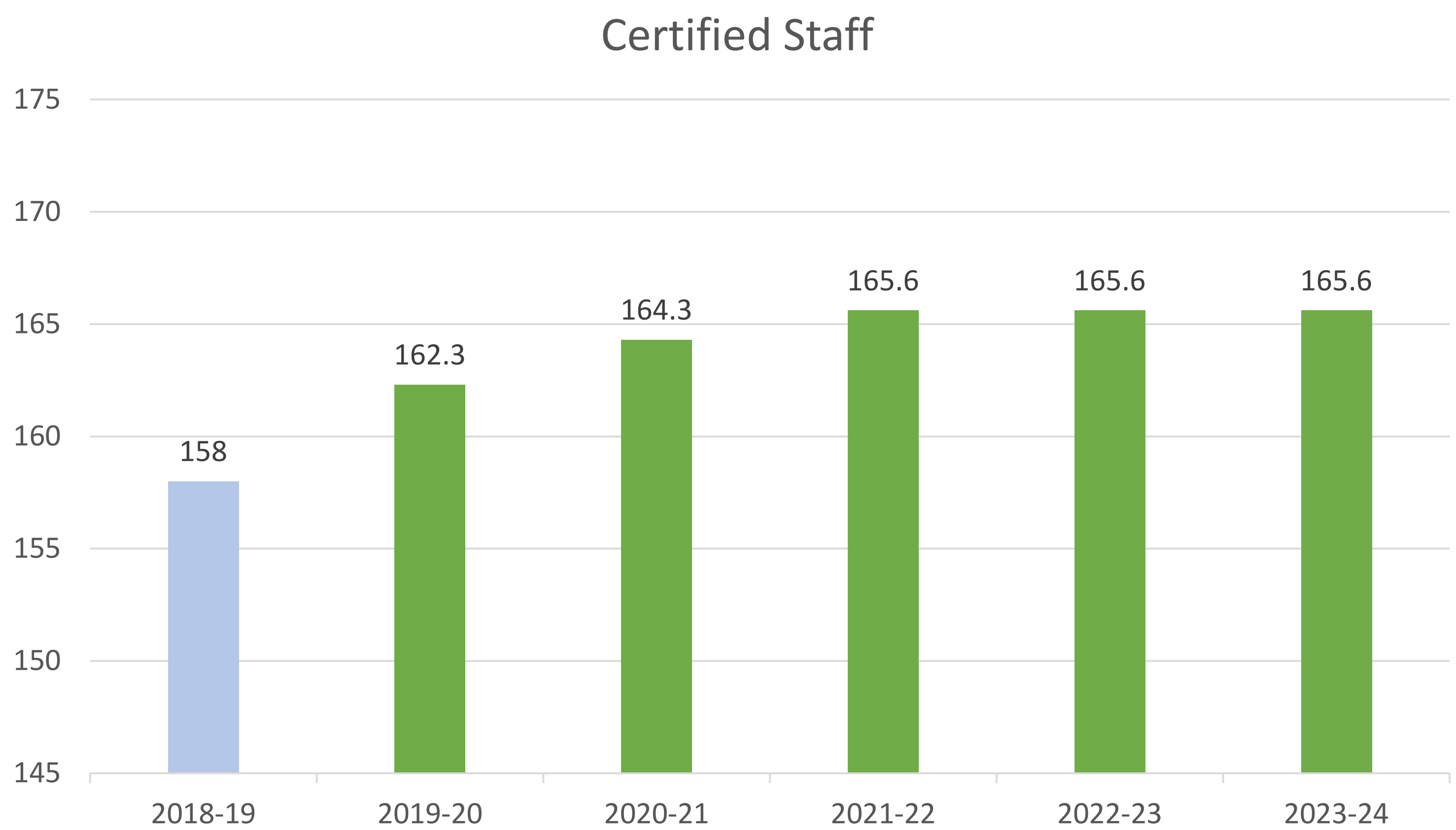
Expenditure Assumptions

- **Salaries**
  - **Teachers**
    - **FY18-22**
      - **CPI of 2.1% for 12/31/17 tied to FY19-20 salary schedule**
      - **CPI of 1.9% for 12/31/18 tied to FY20-21 salary schedule**
      - **FY22 through FY24 estimated with negotiated salary schedule**
    - **Anticipated staff increases due to enrollment projection**
      - **4.3 FTE in FY20**
      - **3.3 total FTE in FY21-24**
    - **Retirement cost savings (20 over next year 4 years), with new teachers brought in at the BA Lane Step 1, unless specialty area**
  - **All Other Staff**
    - ***Small adjustment to FY19 budget based on actual expenses/non-certified retirements mid-year – additional $13,400***
    - **2.0% raises in FY20-24**

Staffing Assumptions



Excludes administration

Key Expenditure Assumptions

- **Health Benefits**
  - **FY20 – preliminary renewal meeting rescheduled due to weather**
  - **Put 6% in projections for FY19**
    - **Final renewal available in March**
  - **FY21 – FY24 6% annual increases**
  - **Pension cost shift NOT worked into model**
  - **Decrease in IMRF rate in CY19 by 2.48%**
    - **Savings of $55K per year FY19-24**

- **Purchased Services**
  - **2.0% annual increases in Ed Fund**
  - **1.95% annual increases in O&M Fund**

Updated Expenditure Assumptions

- **Purchased Services - Transportation**
  - **By law, you may extend an expired 3-year agreement for an additional two years at CPI if both parties agree**
  - **Informed by IL Central School Bus that they cannot renew the contract at CPI again for FY19-20**
  - **Will need to rebid the contract this spring**
  - **Looking to rejoin the Glenbard cooperative if feasible or rebid on our own.**
  - **Reimbursed at 80% if the state does not prorate**

Key Expenditure Assumptions

- **Supplies**
  - **2.0% annual increases in Ed Fund**
  - **2.0% annual increases in O&M Fund**
    - ***Adjustment made to FY19 budget column for additional anticipated electric/gas expenditures due to extreme temperatures – additional $62K***
  - **3.0% annual increases in Trans Fund (bus fuel costs)**
- **Capital Outlay**
  - **Ed Fund – no increases FY20-24**
  - **O&M Fund – $150K in FY19 with 2.0% annual increases**
- **Other**
  - **Special Ed Tuition**
  - **5.4% annual increases FY20 – 24**

Additional Assumptions

- **No change to PTELL (Tax Cap)**
- **Possible TRS cost phase-in is not included**
- **Current FY19 Budget has been adjusted to account for changes since September**
  - **Increase of $2,379,527 in revenues**
    - **$103K in interest on investments**
    - **$200K from CASE fund balance disbursement**
    - **$2,126,527 in *estimated* revenues from referendum**
  - **Increase of $75,400 in expenses**
    - **$13,400 in additional salary expenses**
    - **$62,000 in additional gas/electric expenses**

Additional Assumptions

- **Each year of the Forecast 5 model projections builds off the prior year**
  - **FY19 budget adjustments made to more accurately reflect future expenditure expectations**
- **FY20-24 additional adjustments**
  - **District Office building paid off 2/1/19**
  - **Technology leases continue after current lease paid off**
  - **Increase of professional development budget in FY20-24 to address underperforming subgroups with ESSA**
  - **Reduction of homeless transportation expenditures to reflect five year prior average (FY18 seems to have been an anomaly)**
  - **One additional certified staff (teaching) retirement in FY21 than in prior model**
    - **Savings of $59K in FY22 (compounds)**
  - **Ten additional certified staff (teaching) retirements in FY22 than in prior model**
    - **Savings of $750K in FY23 over prior year (compounds)**
  - **Administrative savings of $20K in FY20 from retirement (compounds)**

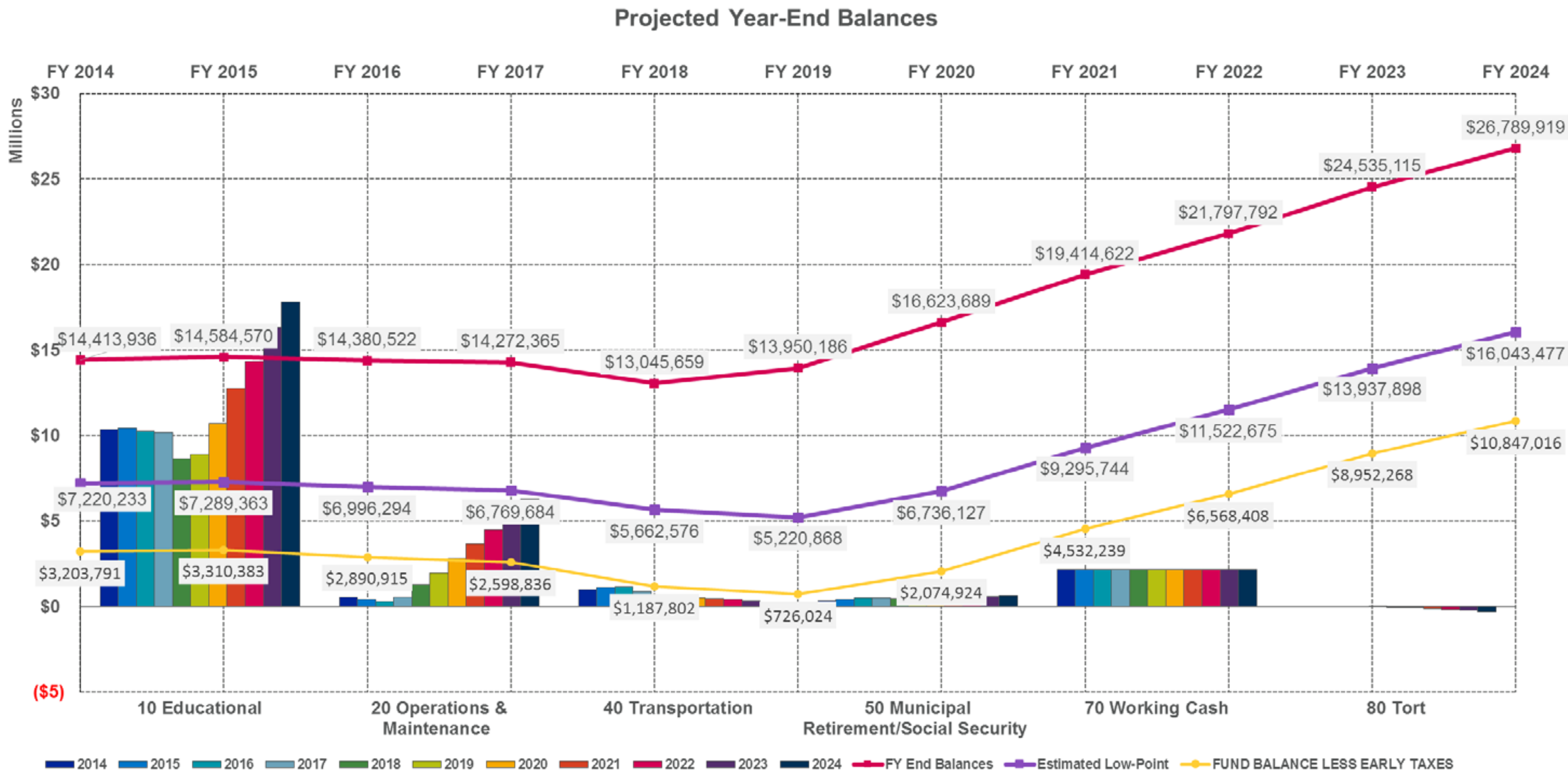
Aggregate Revenue and Expenditure Projections (2/3/18)

	BUDGET	REVENUE / EXPENDITURE PROJECTIONS									
	FY 2018	FY 2019	% Δ	FY 2020	% Δ	FY 2021	% Δ	FY 2022	% Δ	FY 2023	% Δ
REVENUE											
Local	$25,659,326	$26,246,723	2.29%	$26,838,621	2.26%	$27,429,470	2.20%	$28,031,268	2.19%	$28,644,245	2.19%
State	$2,408,766	$2,443,920	1.46%	$2,443,920	0.00%	$2,443,920	0.00%	$2,443,920	0.00%	$2,443,920	0.00%
Federal	$495,701	$495,701	0.00%	$495,701	0.00%	$495,701	0.00%	$495,701	0.00%	$495,701	0.00%
Other	$0	$0		$0		$0		$0		$0	
TOTAL REVENUE	**$28,563,793**	**$29,186,344**	**2.18%**	**$29,778,242**	**2.03%**	**$30,369,091**	**1.98%**	**$30,970,889**	**1.98%**	**$31,583,866**	**1.98%**
EXPENDITURES											
Salary and Benefit Costs	$21,882,049	$22,170,333	1.32%	$22,580,441	1.85%	$22,989,244	1.81%	$23,807,154	3.56%	$24,560,717	3.17%
Other	$7,432,166	$7,669,593	3.19%	$7,825,113	2.03%	$8,050,983	2.89%	$8,275,883	2.79%	$8,510,920	2.84%
TOTAL EXPENDITURES	**$29,314,215**	**$29,839,926**	**1.79%**	**$30,405,555**	**1.90%**	**$31,040,227**	**2.09%**	**$32,083,037**	**3.36%**	**$33,071,637**	**3.08%**
SURPLUS / DEFICIT	**($750,422)**	**($653,582)**		**($627,313)**		**($671,136)**		**($1,112,148)**		**($1,487,771)**	
OTHER FINANCING SOURCES / USES											
Other Financing Sources	$0	$0		$0		$0		$0		$0	
Other Financing Uses	($318,079)	($299,934)		($106,704)		($106,704)		($106,704)		($106,704)	
TOTAL OTHER FIN. SOURCES / USES	**($318,079)**	**($299,934)**		**($106,704)**		**($106,704)**		**($106,704)**		**($106,704)**	
SURPLUS / DEFICIT INCL. OTHER FIN. SOURCES	**($1,068,501)**	**($953,516)**		**($734,017)**		**($777,840)**		**($1,218,852)**		**($1,594,475)**	
BEGINNING FUND BALANCE	**$14,272,365**	**$13,203,864**		**$12,250,348**		**$11,516,331**		**$10,738,490**		**$9,519,638**	
AUDIT ADUSTMENTS TO FUND BALANCE	$0	$0		$0		$0		$0		$0	
PROJECTED YEAR END BALANCE	**$13,203,864**	**$12,250,348**		**$11,516,331**		**$10,738,490**		**$9,519,638**		**$7,925,163**	
FUND BALANCE AS % OF EXPENDITURES	**45.04%**	**41.05%**		**37.88%**		**34.60%**		**29.67%**		**23.96%**	
FUND BALANCE AS # OF MONTHS OF EXPEND.	**5.41**	**4.93**		**4.55**		**4.15**		**3.56**		**2.88**	

Aggregate Revenue and Expenditure Projections (2/11/19)

	BUDGET	REVENUE / EXPENDITURE PROJECTIONS									
	FY 2019	FY 2020	% Δ	FY 2021	% Δ	FY 2022	% Δ	FY 2023	% Δ	FY 2024	% Δ
REVENUE											
Local	$28,601,773	$31,060,210	8.60%	$31,900,533	2.71%	$32,611,394	2.23%	$33,335,346	2.22%	$34,072,656	2.21%
State	$2,807,886	$2,827,886	0.71%	$2,827,886	0.00%	$2,827,886	0.00%	$2,827,886	0.00%	$2,827,886	0.00%
Federal	$492,595	$494,100	0.31%	$495,620	0.31%	$497,155	0.31%	$498,706	0.31%	$500,272	0.31%
Other	$0	$0		$0		$0		$0		$0	
TOTAL REVENUE	**$31,902,254**	**$34,382,196**	**7.77%**	**$35,224,039**	**2.45%**	**$35,936,435**	**2.02%**	**$36,661,938**	**2.02%**	**$37,400,814**	**2.02%**
EXPENDITURES											
Salary and Benefit Costs	$22,183,788	$22,805,983	2.80%	$23,302,032	2.18%	$24,136,466	3.58%	$24,152,918	0.07%	$25,087,301	3.87%
Other	$8,514,004	$8,825,052	3.65%	$9,053,416	2.59%	$9,339,141	3.16%	$9,671,697	3.56%	$9,958,709	2.97%
TOTAL EXPENDITURES	**$30,697,792**	**$31,631,035**	**3.04%**	**$32,355,448**	**2.29%**	**$33,475,607**	**3.46%**	**$33,824,615**	**1.04%**	**$35,046,010**	**3.61%**
SURPLUS / DEFICIT	**$1,204,462**	**$2,751,161**		**$2,868,591**		**$2,460,828**		**$2,837,323**		**$2,354,804**	
OTHER FINANCING SOURCES / USES											
Other Financing Sources	$0	$0		$0		$0		$0		$0	
Other Financing Uses	($299,935)	($77,658)		($77,658)		($77,658)		($100,000)		($100,000)	
TOTAL OTHER FIN. SOURCES / USES	**($299,935)**	**($77,658)**		**($77,658)**		**($77,658)**		**($100,000)**		**($100,000)**	
SURPLUS / DEFICIT INCL. OTHER FIN. SOURCES	**$904,527**	**$2,673,503**		**$2,790,933**		**$2,383,170**		**$2,737,323**		**$2,254,804**	
BEGINNING FUND BALANCE	**$13,045,659**	**$13,950,186**		**$16,623,689**		**$19,414,622**		**$21,797,792**		**$24,535,115**	
AUDIT ADUSTMENTS TO FUND BALANCE	$0	$0		$0		$0		$0		$0	
PROJECTED YEAR END BALANCE	**$13,950,186**	**$16,623,689**		**$19,414,622**		**$21,797,792**		**$24,535,115**		**$26,789,919**	
FUND BALANCE AS % OF EXPENDITURES	**45.44%**	**52.55%**		**60.00%**		**65.12%**		**72.54%**		**76.44%**	
FUND BALANCE LESS EARLY TAXES AS % OF EXPENDITURES	**2.29%**	**5.76%**		**12.86%**		**18.71%**		**24.83%**		**28.77%**	
FUND BALANCE AS # OF MONTHS OF EXPEND.	**5.45**	**6.31**		**7.20**		**7.81**		**8.70**		**9.17**	

Eleven Year Perspective



- Current bond repayment schedule (paid off with 2021 levy):

Levy Year	Fiscal Year Ending	Series 2015 Debt Payments	Series 2018 Debt Payments	Total Outstanding Debt Service (after FY payments)	Tax Rate
2017	06/30/2019	$304,500	$2,359,363	$11,105,000	0.3335%
2018	06/30/2020	$727,500	$2,019,250	$8,610,000	0.3221%
2019	06/30/2021	$3,372,000	$0	$5,430,000	0.3827%
2020	06/30/2022	$3,578,400	$0	$1,980,000	0.3930%
2021	06/30/2023	$2,039,400	$0	$0	0.2167%

- March BOE meeting – 5-year building maintenance plan will be reviewed as well as financing options

- Extra $190K available in O&M Fund in FY20

- May be able to finance B&G projects with referendum funding, thereby reducing reliance on further bond issue after 2021.

Potential Issues Facing Finances

- **Property Tax Freeze/Relief**
- **Possible TRS cost phase-in (.5% per year)**
  - **Each .5% costs D89 an additional $80K per year**

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