

Rescheduled Board Meeting – December 14, 2010

SUBJECT: FINANCIAL PROJECTIONS

Five-year financial projections are prepared each year to assist the Board of Education and Administration as we plan for the future of the educational program and work to provide operational stability for the District. The projections are based on recent trends and the latest available information. They are intended to represent a conservative mid-point of likely revenues and expenditures. It should be noted that small changes in revenue or expenditure patterns can have a dramatic impact when projected out over a five year period.

Given the reliance of the District on property taxes, it is important to note that the revenue projections rely heavily on assumptions about future unknown factors related to the tax base including new property growth and the tax cap. This is especially noteworthy in the current economic climate. The state's financial crisis also creates a higher degree of uncertainty about general state aid and funding for mandated special programs.

Assumptions underlying the revenue and expenditure projections are described below.

Revenue Assumptions

- Tax revenues are projected within the constraints of maximum tax rates in each fund, the tax cap, and factor in estimates of new growth and tax appeals
 - The tax cap is projected at 1.0% for 2011 based on projected CPI for 2010, future years are projected at 2.0% (average of last five years)
 - The Equalized Assessed Valuation (EAV) of existing property in the district is projected to remain relatively flat after a decrease in 2009. New property growth is estimated at \$2 million per year.
- CPPTRR is projected to decrease at a rate of 5% based on economic conditions
- Interest revenue is projected at a 2% rate of return on invested reserves
- Student fee revenue is projected to remain constant with fee increases offset by increases in low income waivers
- Lunch fees and reimbursements and other local revenue are projected to increase 2% per year
- State aid is projected to remain constant at approximately \$1.2 million; this anticipates that general state aid is fully funded and that mandated categorical claims for special education and ELL are prorated at 50%
- Federal aid projections decrease for 2011-12 with elimination of ARRA funding and then remain constant
- Working Cash Bonds are issued as previous bonds are retired, with the proceeds transferred to the Education Fund each year to cover the gap between revenues and expenditures

Expenditure Assumptions

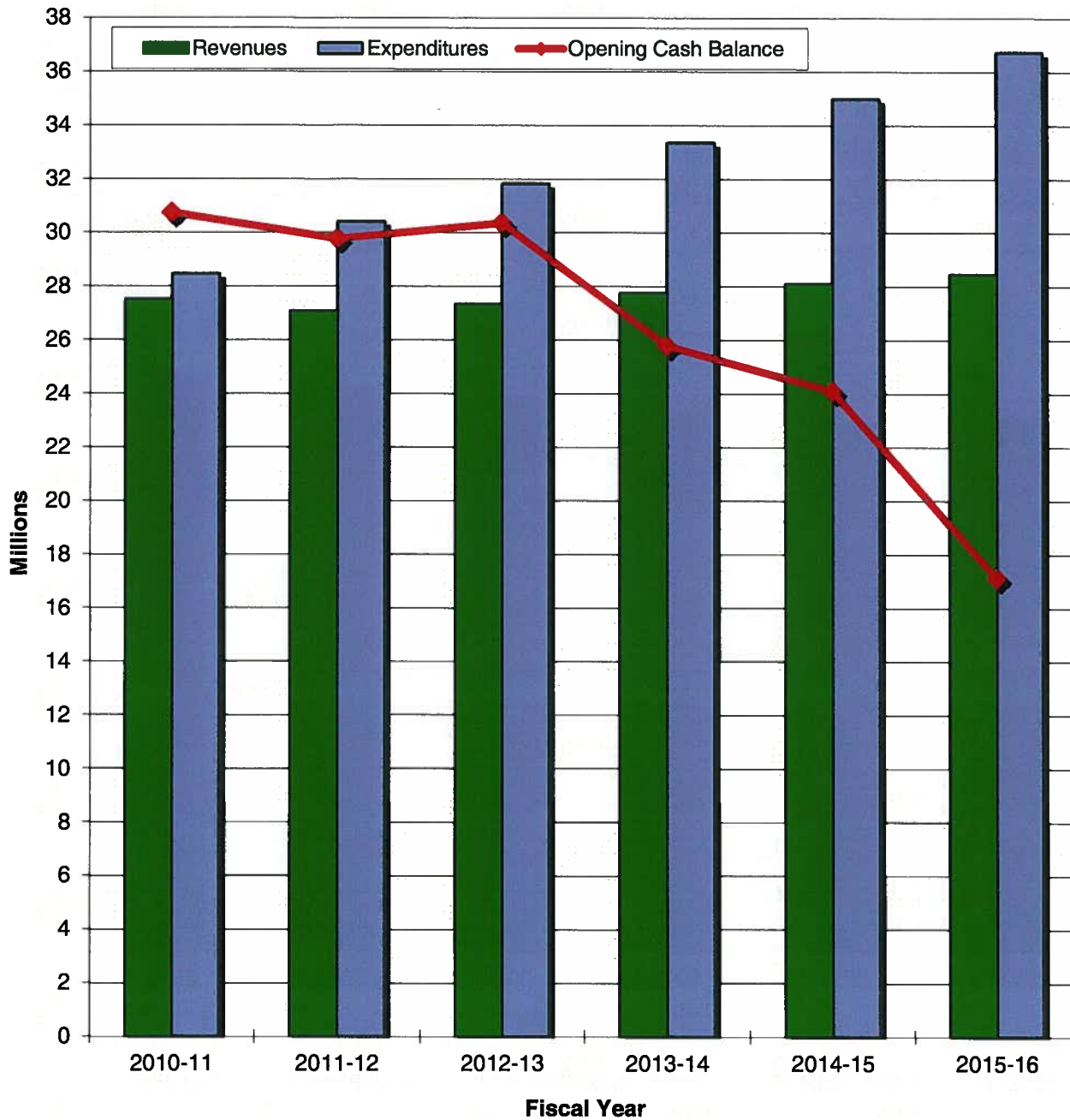
- Enrollment and staffing are projected to remain constant at the 2010-11 level, except for increases in staffing related to program changes
- Total salary costs are projected to increase 3% per year including savings from ongoing turnover
- Benefit costs are expected to increase 10% per year
- Cost increases for services and utilities are estimated at 5% per year
- Increases for supplies and equipment are estimated at 3% per year
- Special education tuition costs are projected to increase 10% per year
- Expenditure projections exclude contingency amounts and estimated unspent budget in each fund

Key Unknowns

- The economy
 - Tax revenue uncertainty
 - Future assessment levels of commercial and residential property
 - Property tax collection rates
 - Limited new construction in the District
 - Future tax cap levels
 - Commercial property refunds
 - State budget crisis
 - Ability to fund categoricals and general state aid with current revenue shortfall
 - Additional gap created when ARRA funding ends
 - Underfunding of pension plans
- Possible changes in legislation that may impact future ability to sell Working Cash Bonds
- Possible school finance reform which may include a “tax swap”
- Future enrollment and corresponding impact on staffing levels
- Salary increases in new teacher contract for 2011
- Changes in employee insurance associated with health care reform
- Impact of increases in low-income student population
- Impact of program changes and any resulting staffing increases

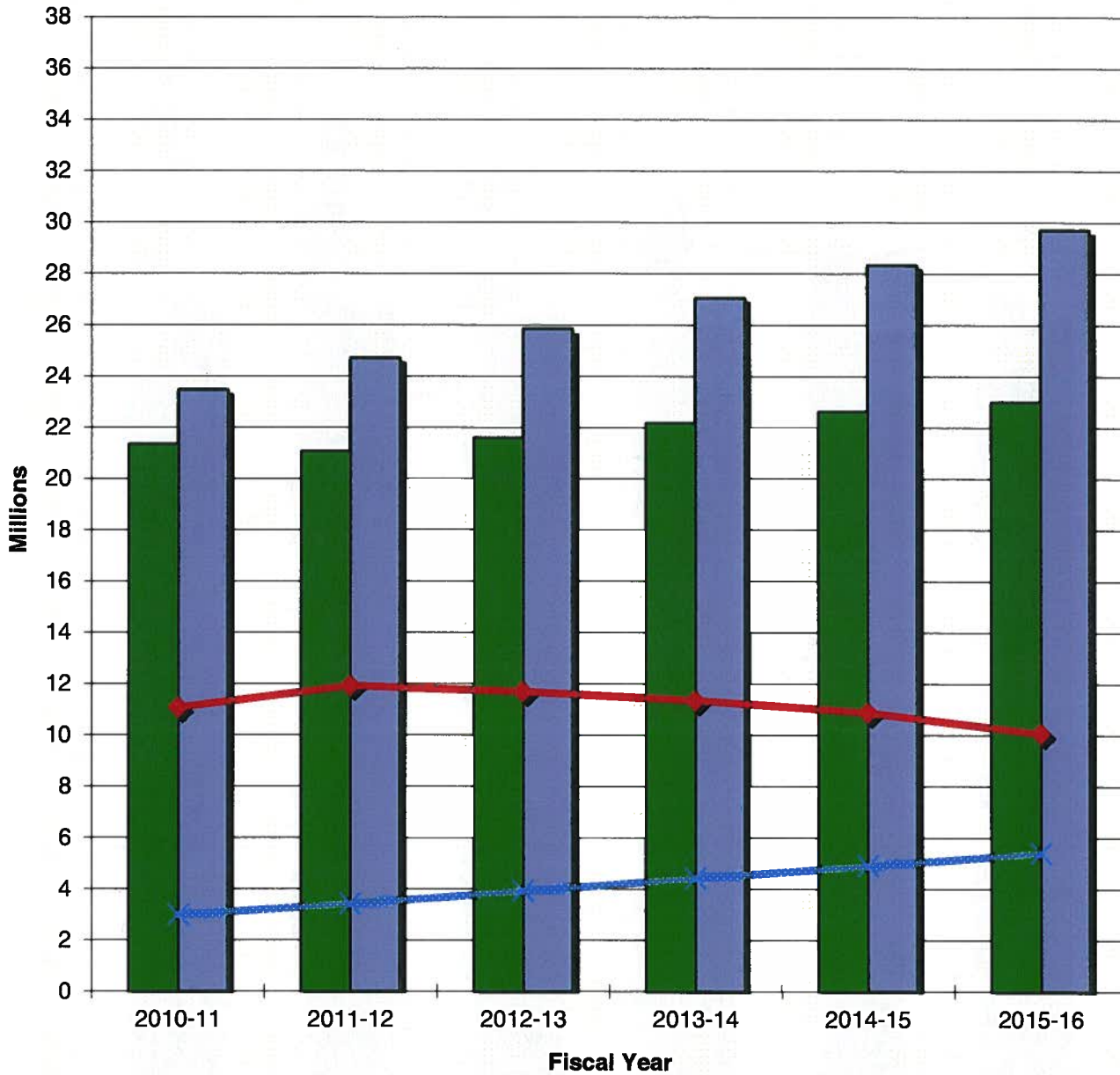
The projections reflect the positive impact of new property growth in the District as well as the bond sale strategy approved by the Board. Continuing long-range planning and prudent management of expenditures are critical to the financial stability of the District.

Operating Funds With Working Cash Bond Sales



	(\$-000)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Opening Cash Balance	30,737	29,773	30,365	25,787	24,099	17,118
Revenues	27,511	27,078	27,336	27,758	28,109	28,453
Expenditures	(28,460)	(30,398)	(31,825)	(33,357)	(34,990)	(36,731)
Operating Deficit	(949)	(3,320)	(4,489)	(5,599)	(6,881)	(8,278)
Bond Sales	-	4,000	-	4,000	-	4,000
Transfers	(15)	(88)	(89)	(89)	(100)	(100)
Balance Increase (Decrease)	(964)	592	(4,578)	(1,688)	(6,981)	(4,378)
Opening Balance as a % of Expenditures	108%	98%	95%	77%	69%	47%

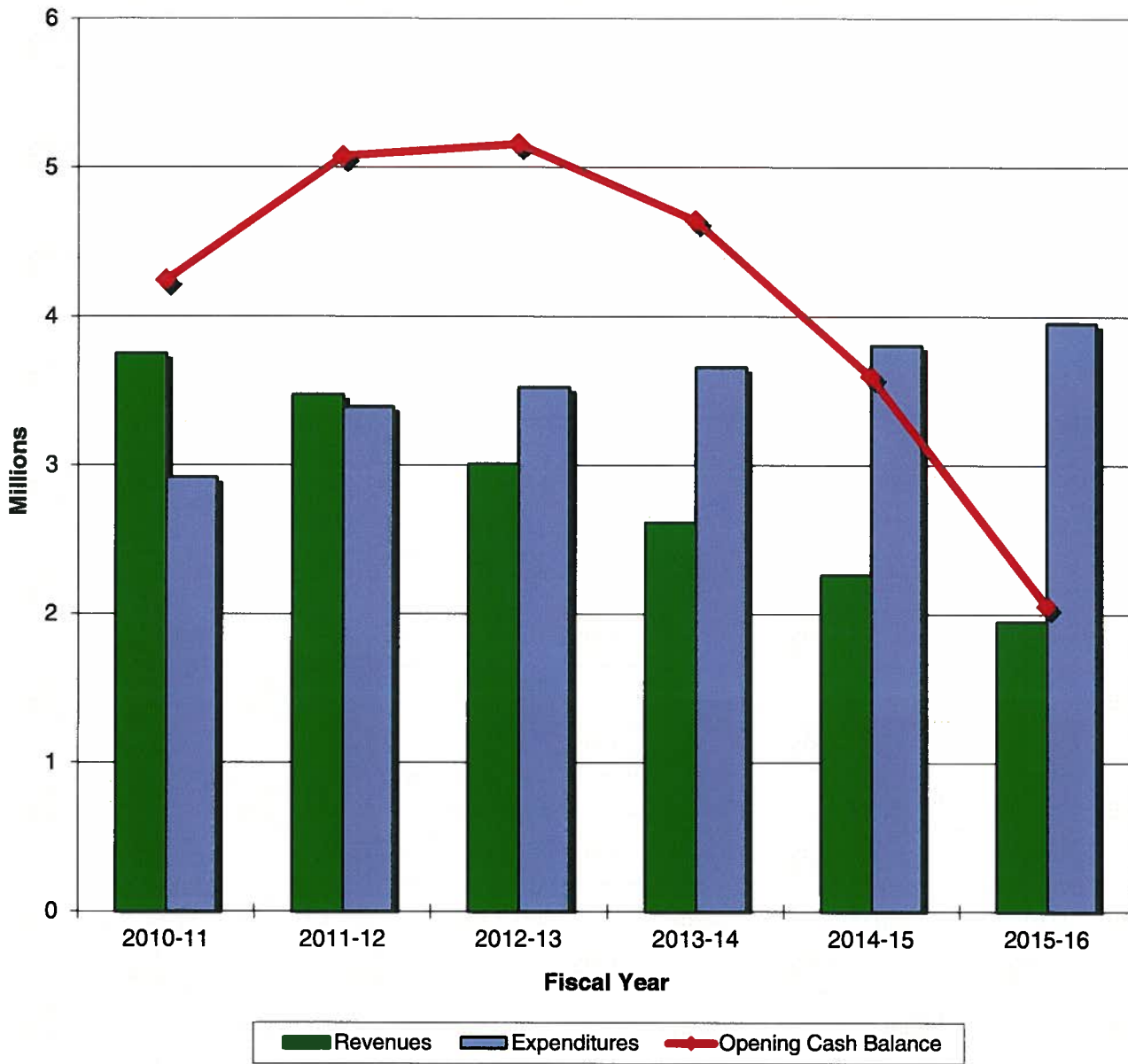
Education Fund - With Bond Sale Proceeds



■ Revenues
 ■ Expenditures
 - - - Transfer from Bond Sales
 - - - Opening Cash Balance

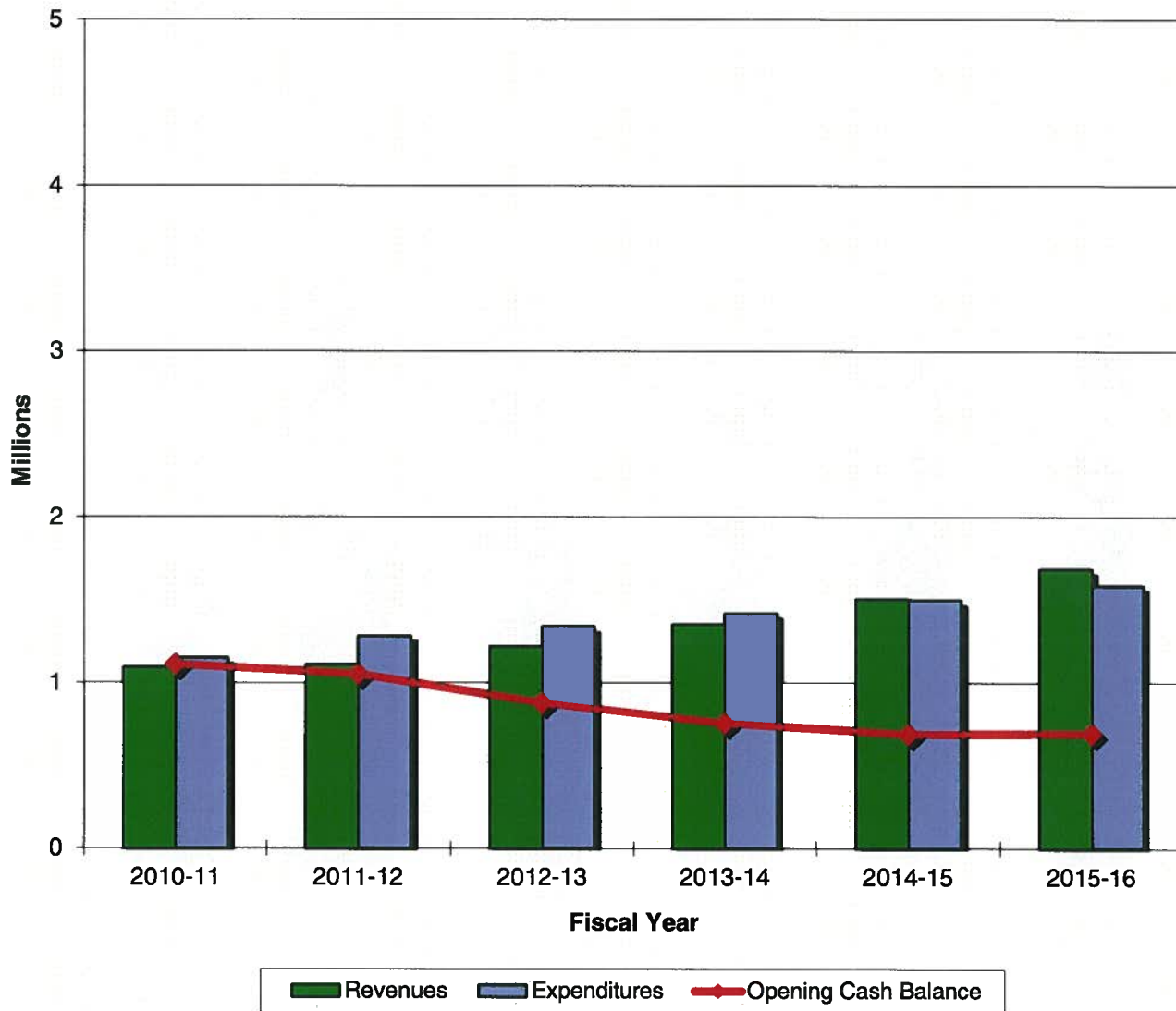
	(\$-000)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Opening Cash Balance	11,077	11,927	11,696	11,349	10,881	10,070
Revenues	21,336	21,070	21,590	22,175	22,627	22,995
Expenditures	(23,471)	(24,713)	(25,848)	(27,054)	(28,338)	(29,706)
Operating Surplus (Deficit)	(2,135)	(3,643)	(4,258)	(4,879)	(5,711)	(6,711)
Transfers	2,985	3,412	3,911	4,411	4,900	5,400
Balance Increase (Decrease)	850	(231)	(347)	(468)	(811)	(1,311)
<i>Opening Balance as a % of Expenditures</i>	<i>47%</i>	<i>48%</i>	<i>45%</i>	<i>42%</i>	<i>38%</i>	<i>34%</i>

Operations & Maintenance and Life Safety Fund



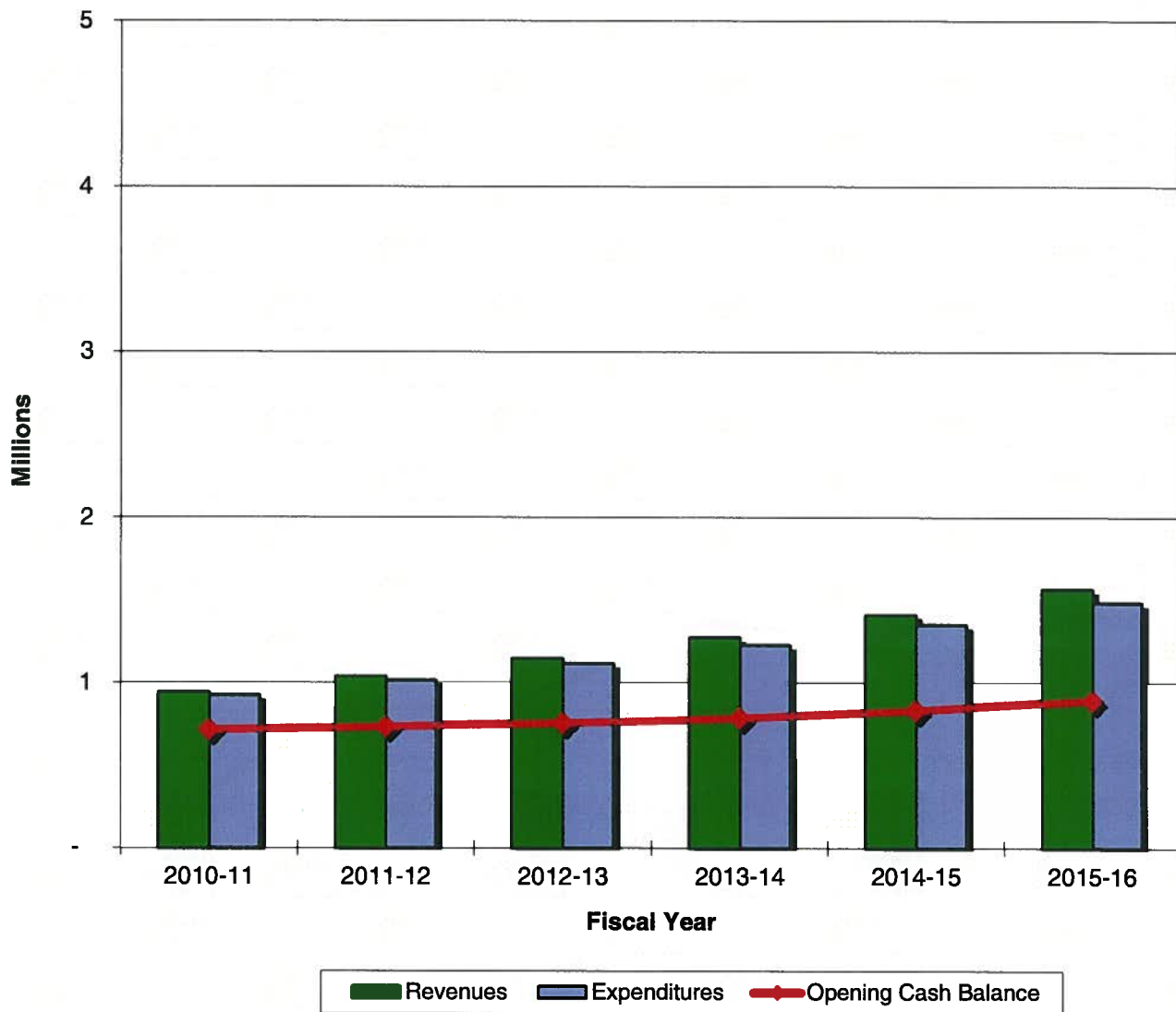
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	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Opening Cash Balance	4,242	5,074	5,156	4,642	3,597	2,054
Revenues	3,750	3,474	3,009	2,614	2,260	1,949
Expenditures	(2,918)	(3,392)	(3,523)	(3,659)	(3,803)	(3,954)
Balance Increase (Decrease)	832	82	(514)	(1,045)	(1,543)	(2,005)
<i>Opening Balance as a % of Expenditures</i>	145%	150%	146%	127%	95%	52%

Transportation Fund



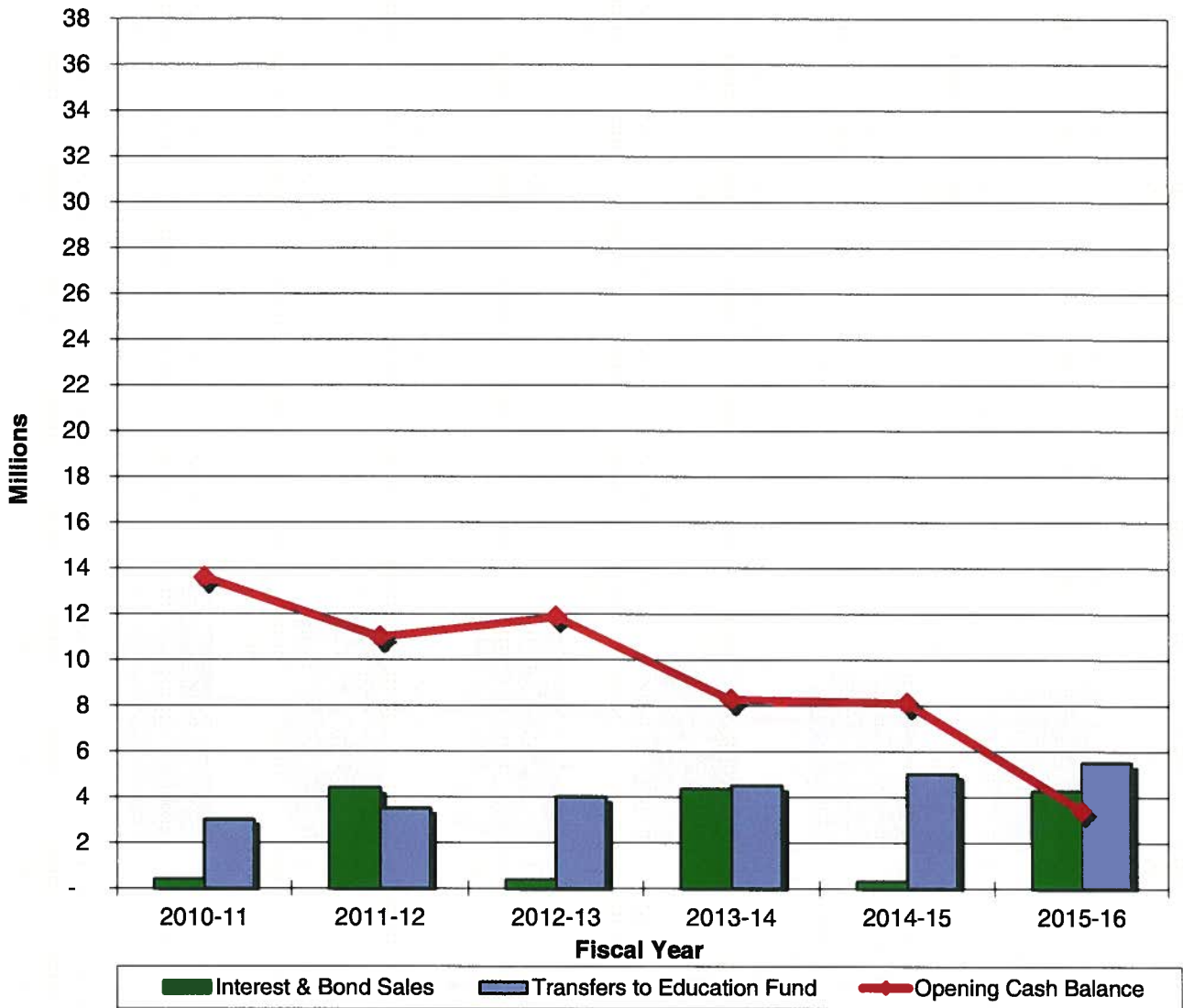
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	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Opening Cash Balance	1,110	1,051	878	756	689	694
Revenues	1,090	1,106	1,217	1,350	1,504	1,685
Expenditures	(1,149)	(1,279)	(1,339)	(1,417)	(1,499)	(1,586)
Balance Increase (Decrease)	(59)	(173)	(122)	(67)	5	99
<i>Opening Balance as a % of Expenditures</i>	<i>97%</i>	<i>82%</i>	<i>66%</i>	<i>53%</i>	<i>46%</i>	<i>44%</i>

IMRF / Social Security Fund



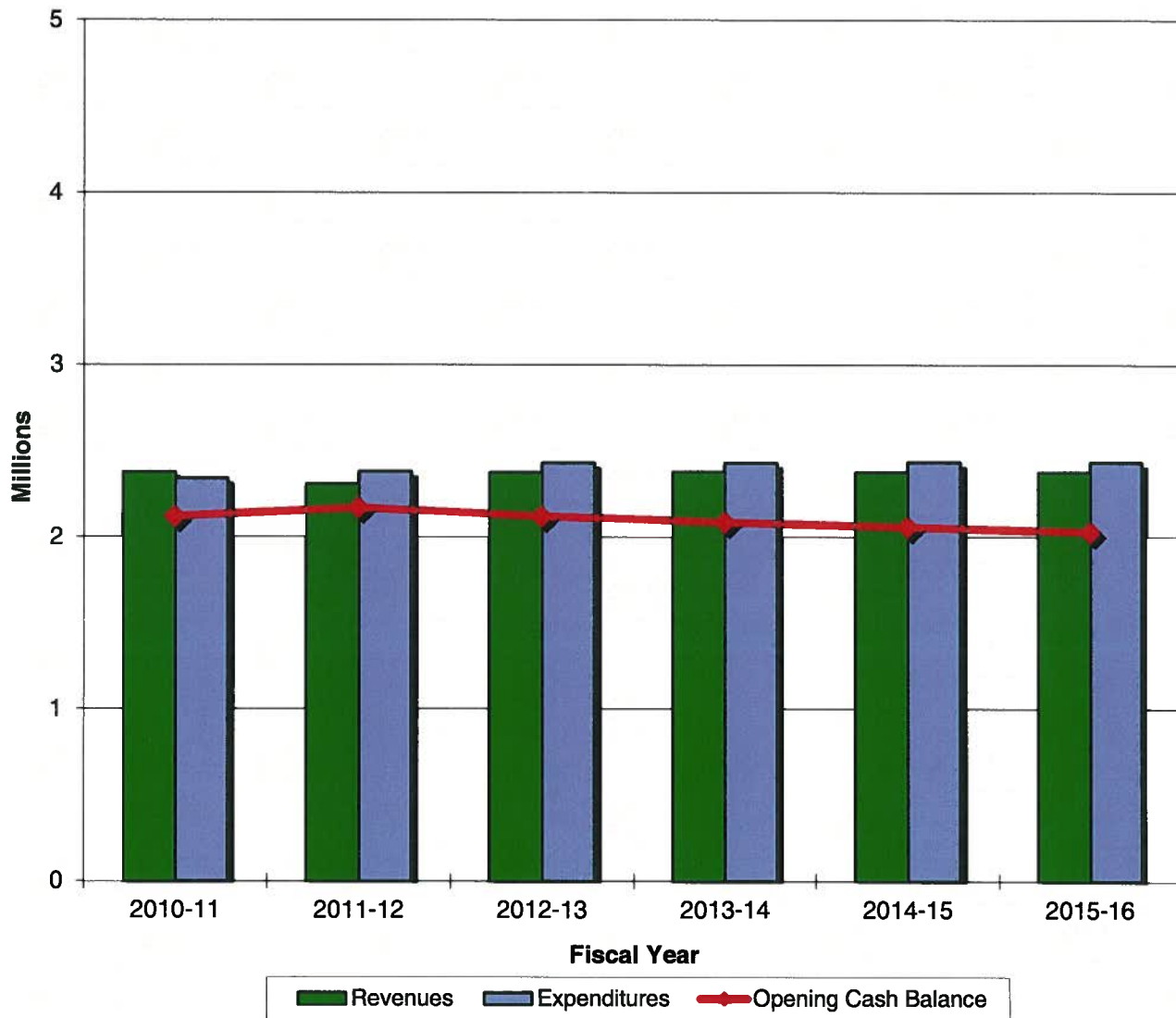
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	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Opening Cash Balance	714	732	755	786	832	892
Revenues	940	1,037	1,146	1,273	1,410	1,564
Expenditures	(922)	(1,014)	(1,115)	(1,227)	(1,350)	(1,485)
Balance Increase (Decrease)	18	23	31	46	60	79
<i>Opening Balance as a % of Expenditures</i>	<i>77%</i>	<i>72%</i>	<i>68%</i>	<i>64%</i>	<i>62%</i>	<i>60%</i>

Working Cash Fund



	(\$-000)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Opening Cash Balance	13,594	10,989	11,880	8,254	8,100	3,408
Revenues	395	391	374	346	308	260
Bond Sales	-	4,000	-	4,000	-	4,000
Transfers	(3,000)	(3,500)	(4,000)	(4,500)	(5,000)	(5,500)
Balance Increase (Decrease)	(2,605)	891	(3,626)	(154)	(4,692)	(1,240)

Bond & Interest Fund



	(\$-000)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Opening Cash Balance	2,118	2,169	2,118	2,085	2,057	2,029
Revenues	2,375	2,306	2,373	2,378	2,377	2,377
Expenditures	(2,339)	(2,380)	(2,430)	(2,430)	(2,435)	(2,435)
Transfers/Bond Sales	15	23	24	24	30	30
Balance Increase (Decrease)	51	(51)	(33)	(28)	(28)	(28)
<i>Opening Balance as a % of Expenditures</i>	<i>91%</i>	<i>91%</i>	<i>87%</i>	<i>86%</i>	<i>84%</i>	<i>83%</i>