Oak Park and River Forest High School District #200

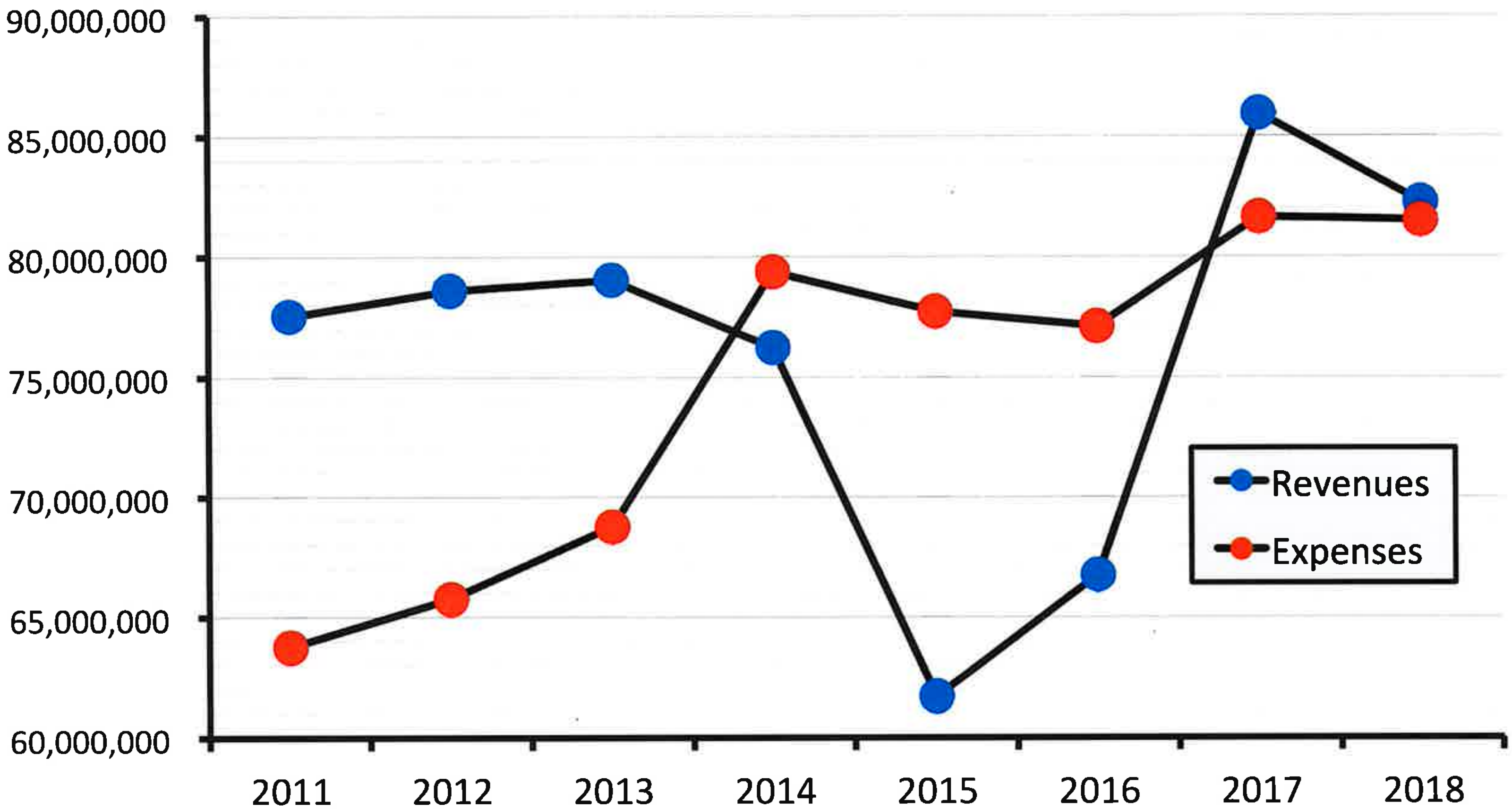
District Financial Condition and Challenges

March 2019

FINANCIAL HISTORY

Annual Revenues and Expenses

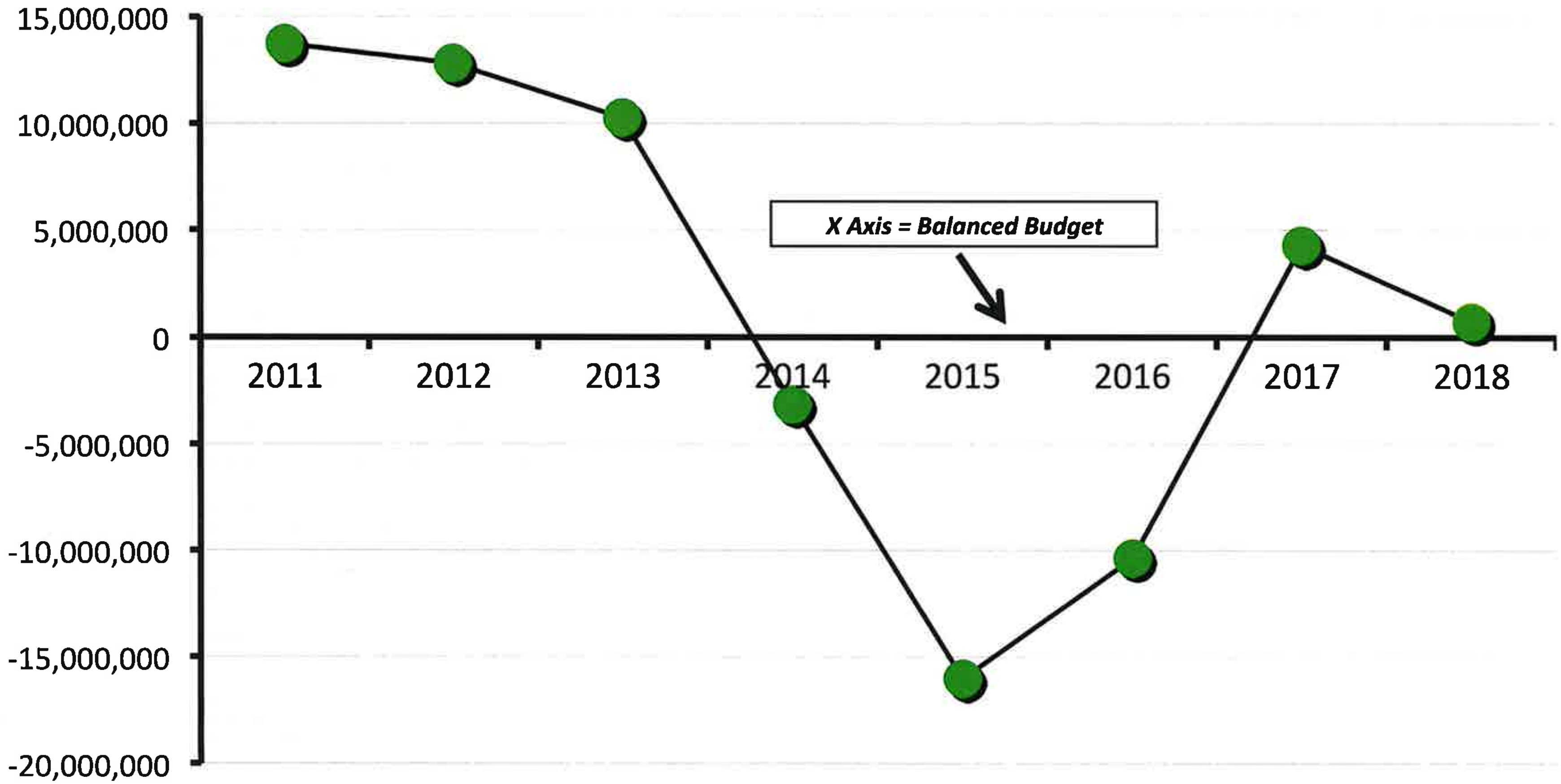
All Funds



- **Revenue decreases between 2014-2016 were due to the Board reducing the tax levies in those years to "right size" fund balances and provide tax relief.**
- **Between FY 2011 and FY 2018 total expenses increased at an average annual rate of 3.7%.**

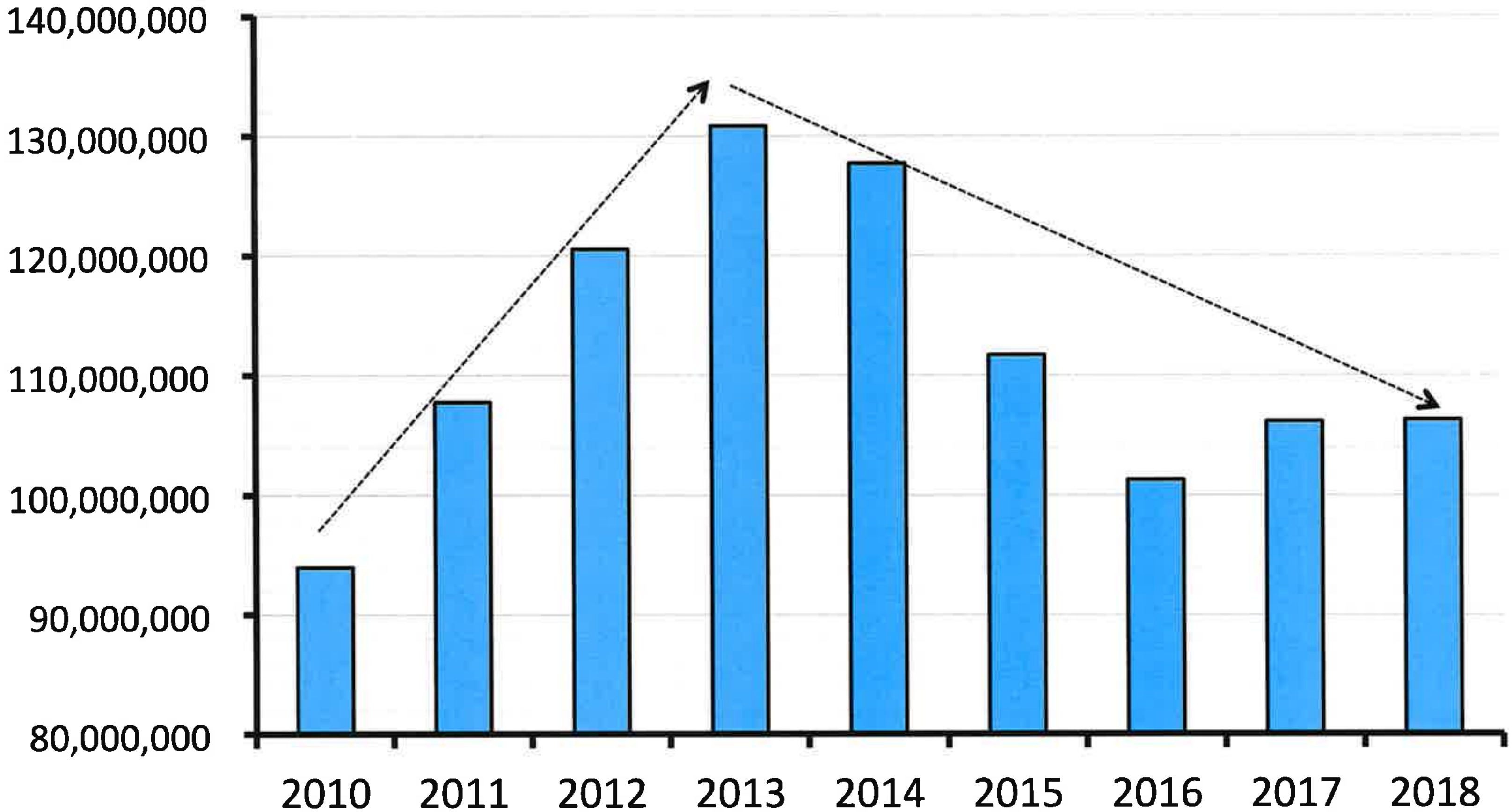
ANNUAL SURPLUS/DEFICITS

REVENUES VS. EXPENSES – ALL FUNDS



Fund Balance History

All Funds of the District

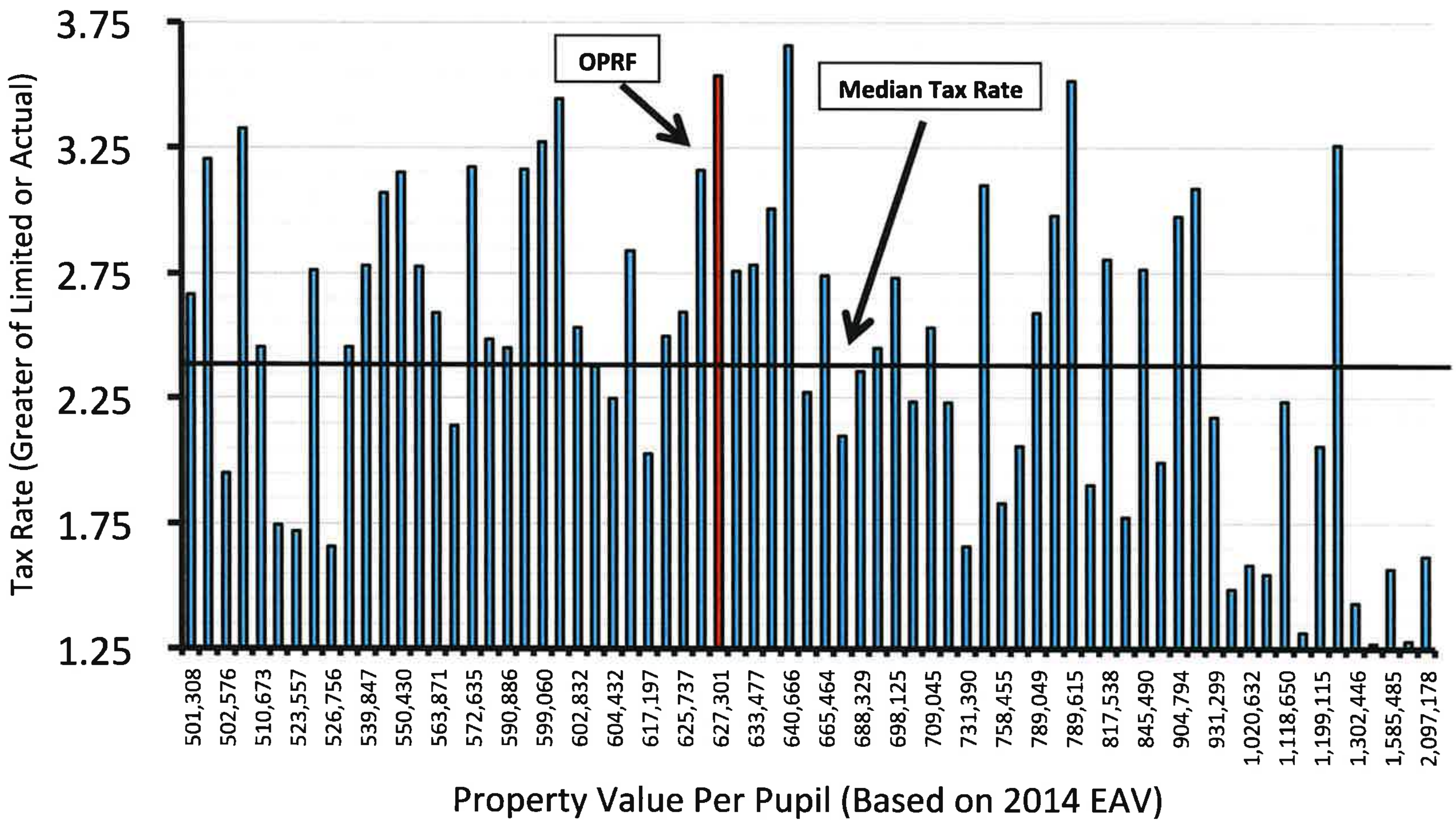


Note: Although fund balances have trended downward, fund balances remain healthy, equal to approximately 15.5 months worth of expense reserves.

PRIMARY BASIS FOR OPRF'S FINANCIAL STRENGTH

UNIQUE COMBINATION OF HIGH PROPERTY WEALTH AND HIGH TAX RATES

(ILLINOIS SCHOOL DISTRICTS WITH GREATER THAN $500,000 IN PROPERTY VALUE PER PUPIL)



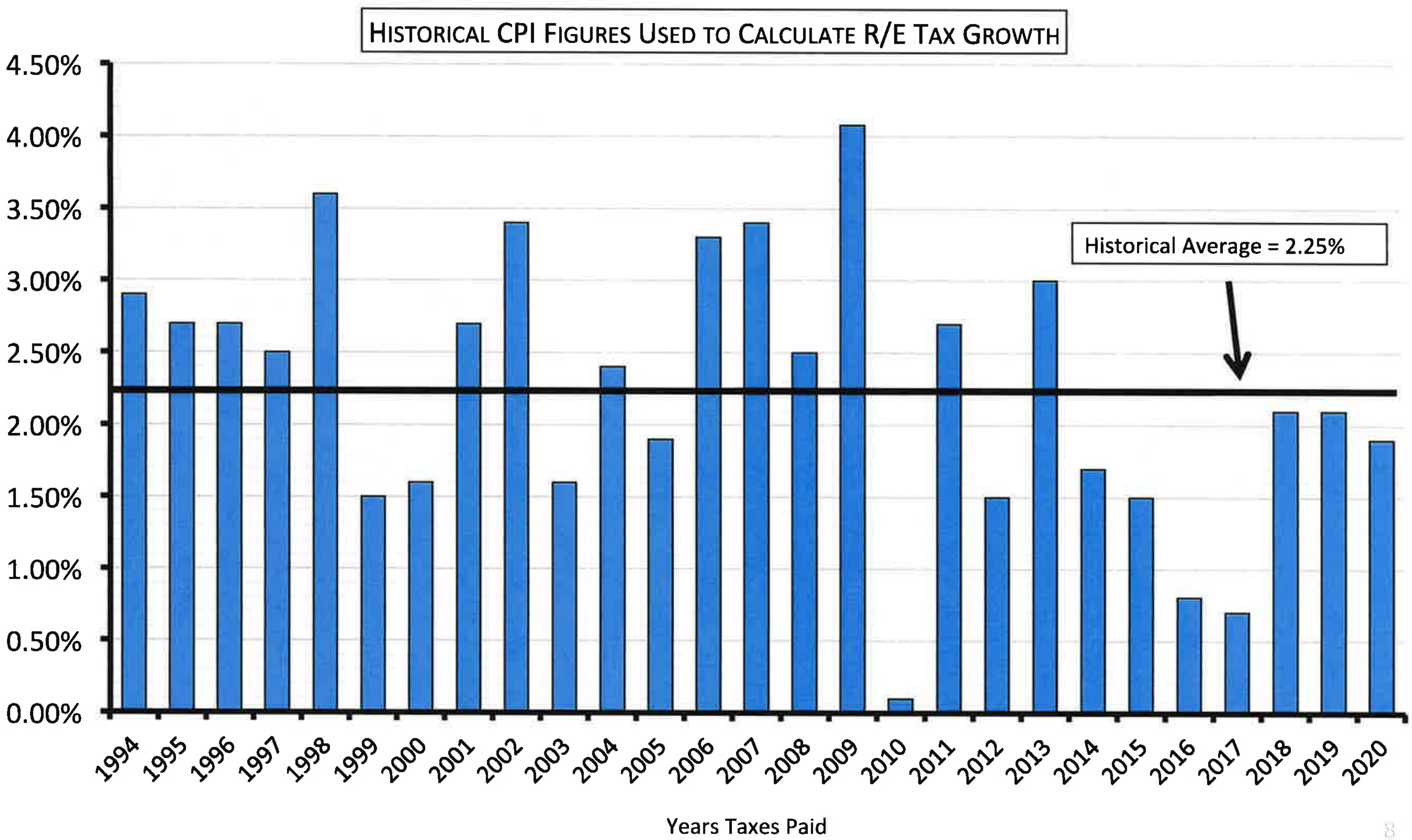
Oak Park River Forest High School District 200 had the second highest tax rate of those school districts with greater than $500,000 in property value per pupil. If the District taxed at the median tax rate of these Districts, it would receive approximately $19.6 million less in r/e tax revenues annually.

Factors that will Impact Future Financial Condition of Oak Park and River Forest High School

Areas to Closely Monitor

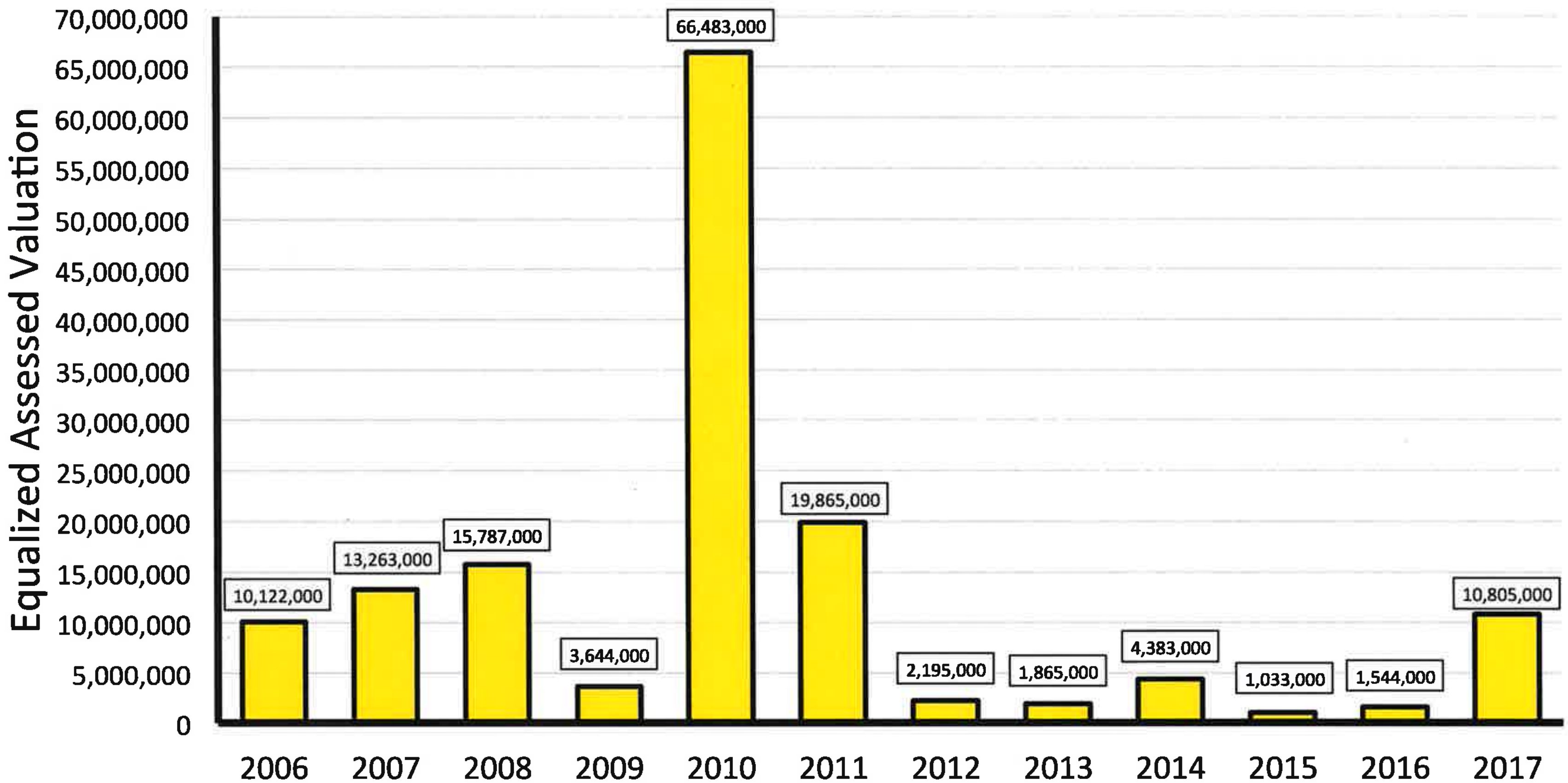
Consumer Price Index (Inflation)

80% of Revenue Growth Tied to CPI Due to Tax Cap Legislation



NEW TAXABLE PROPERTY GROWTH IN DISTRICT

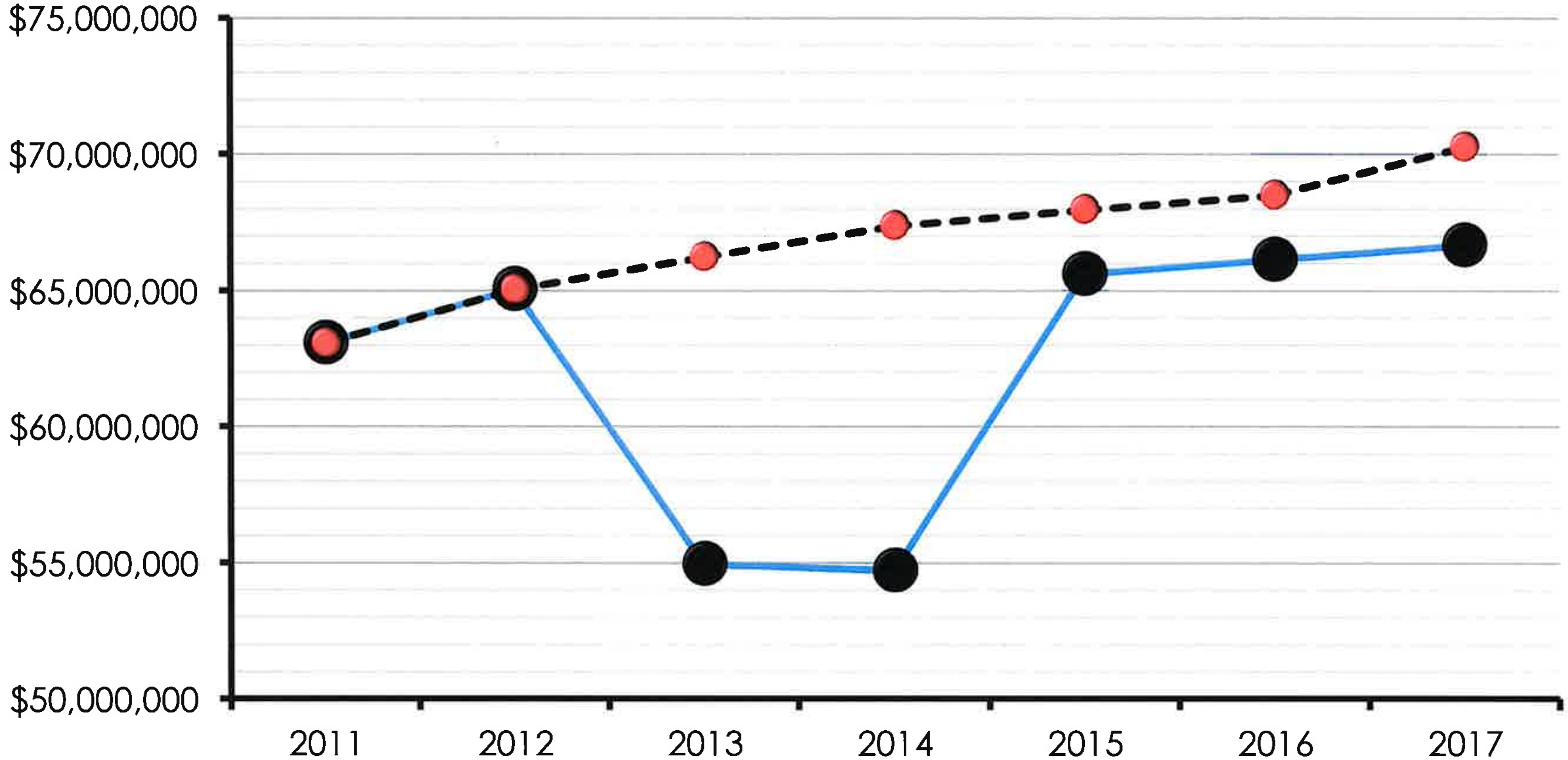
NEW PROPERTY GROWTH ALLOWS FOR TAX GROWTH TO EXCEED CPI



For every $1 million in new property EAV ($3 million in market value), the District receives approximately $30,000 of revenues above tax cap limits. A major portion of new property in 2017 was due to expired TIF on Harlem and Garfield.

Board Action Regarding Tax Extension Approvals

Comparison of Actual Tax Extension to Maximum Allowable Tax Extension under Tax Cap Provisions



Between to 2013 tax levy and the 2017 tax levy, the District levied $32.2 million less than it was entitled to under tax cap law.

Key Questions for the Board to Consider

How Much Fund Balance Reserve is BOE Willing to Commit to IMAGINE Recommendations?

- Total fund balances on June 30, 2018 are $106 million
- Policy 4:20 suggests reserves in the 25% - 75% range (3 months - 9 months of annual expenses)

Policy Guidelines	Desired Expense Reserves	Fund Balance to Match Reserve Policy	Funds Above Policy Minimum
	15 Months	$107 million	$0
	12 Months	$86 million	$21 million
Max (75%)	**9 Months**	**$65 million**	**$42 million**
	6 Months	$44 million	$63 million
Min (25%)	**3 Months**	**$22 million**	**$84 million**

Should Non-Referendum Debt Be Issued to Address a Portion of IMAGINE Plan?

Life Safety Bonds **($40 Million Capacity/Limited to State Approved Projects)**

- ❑ Not subject to back door referendum
- ❑ Future tax levies would pay off debt
- ❑ Will cover repairs/renovations deemed by State as significant health safety concern for students.

Other Bonds **($40 Million Capacity less life safety bond amount)**

- ❑ Subject to back door referendum
- ❑ Future tax levies would pay off debt

Debt Certificates **($40 Million Capacity less life safety and other bonds)**

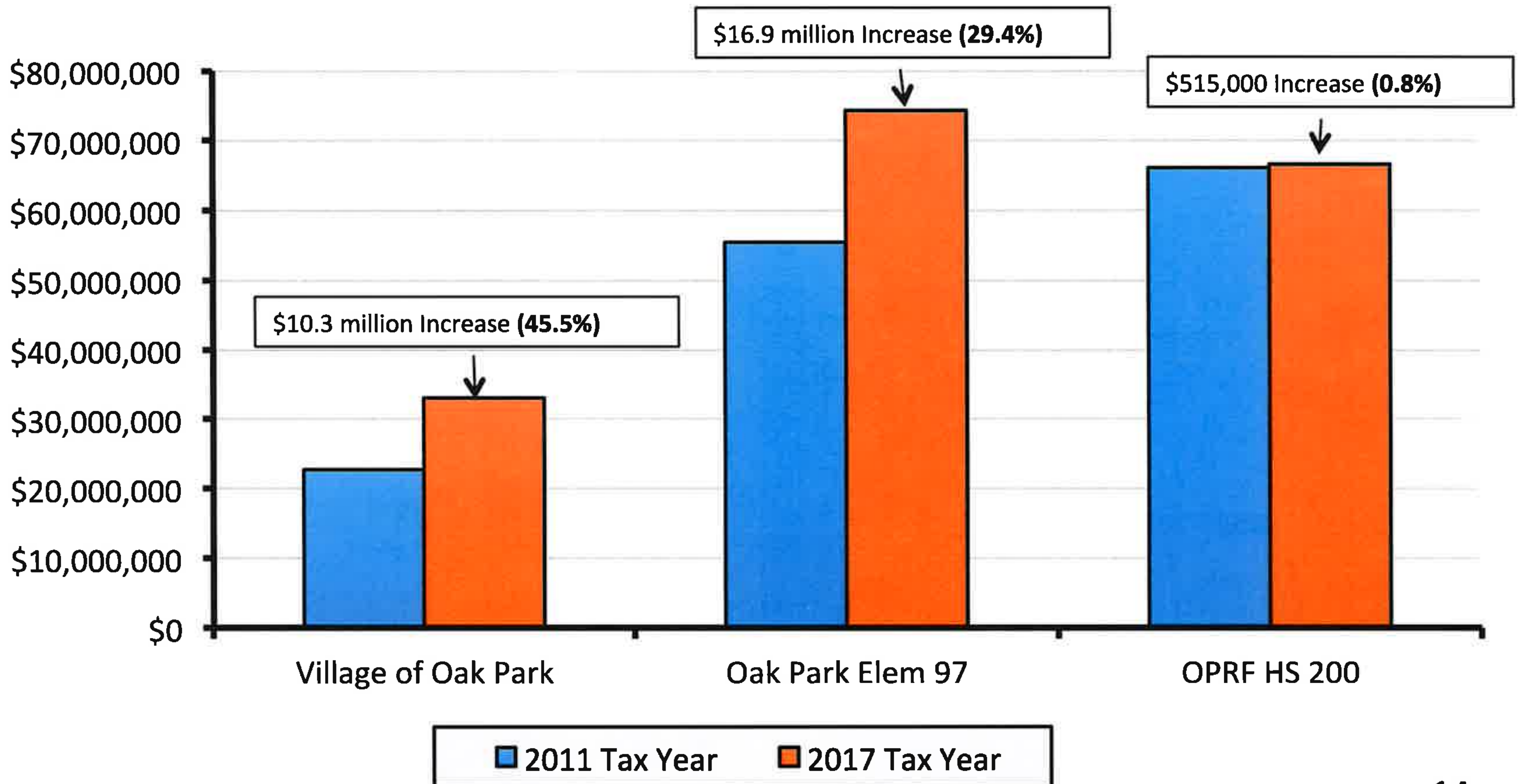
- ❑ Not subject to back door referendum
- ❑ Future general operating funds would pay off debt, no additional tax levy

Note: OPRF High School District #200 is one of the few school districts in Illinois that is currently debt-free.

It is estimated that the maximum the annual tax levy can increase through the issuance of non-referendum debt is $150 for a home with a market value of $400,000.

SHOULD THE BOARD ANNUALLY LEVY AT ITS MAXIMUM ALLOWABLE LEVEL?

COMPARISON OF TAX LEVY CHANGE AMONGST LARGEST TAXING BODIES IN OAK PARK



Should the District Levy to capture TIF Expirations?

- The Village of Oak Park is expected to terminate its remaining tax increment financing districts (Greater Mall Area & Madison Business Corridor) in 2019.
- Since the inception of these TIF districts, the property value (in terms of EAV) has grown by $113 million. Once terminated, this will become new taxable property to the District.
- Assuming that the District levies sufficiently to capture this growth, tax revenues will increase by approximately $3.3 million annually.
- However, the District will no longer receive TIF surplus dollars once terminated. The District received $2.5 million in FY 2018 and is expected to receive the same in FY 2019.
- So the net impact to the District, if its levies for these funds, is a positive $800,000 annually ($3.3 million new r/e tax revenues - $2.5 million less TIF surplus dollars)

OTHER QUESTIONS TO ADDRESS

- Should the District be committed to balanced budgets, if possible without impacting student learning?
- What action needs to be taken to maintain balanced budgets, assuming future annual revenue growth at under 2%?
- What is the pace and magnitude of capital projects that need to be addressed in the building?

END OF PRESENTATION