

# Financial Projections

**Board of Education  
Meeting  
February 11, 2013**

## Financial Projections Are:

- *An essential element of planning*
  - *They can anticipate future financial performance*

***Remember –***

***No one can predict the future***

# Agenda

- Background Information
- Current Base Case
- Conclusion
- Board Discussion

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# BACKGROUND

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## Background

- StratPlan
  - Financial forecasting model
    - Independent analysis;
    - Provides an *analytical focus* rather than just presenting numbers;
    - Highlights strategic issues, problems and opportunities;
    - Allows for a strategic view of the District's financial future;
    - Allows for optimization of a long term strategy.

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## Background

- Why Financial Projections?
  - Public scrutiny of financial position
  - Current economic conditions demand
    - Schools analyze future spending plans under various assumptions so...
      - ***Maintain Fiscal Sustainability***
      - Determine if spending patterns need to change to support the long-term financial strength of the district

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## Background

- Why StratPlan?
  - Different view of financial information
    - Current Base Case – Status quo

*Model is flexible enough to run multiple sensitivity analyses  
Each case projects the impact on the ending (aggregate) fund balances*

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## Background

- **Information used in the StratPlan model can be found online at:**
  - Illinois State Board of Education
    - Annual Financial Reports
    - General State Aid
    - Housing & Enrollment
    - Financial Profile
  - Cook County
    - Assessed Value
    - Tax Information
  - District 64
    - Budgets
    - Audits
    - Annual Statement of Publication

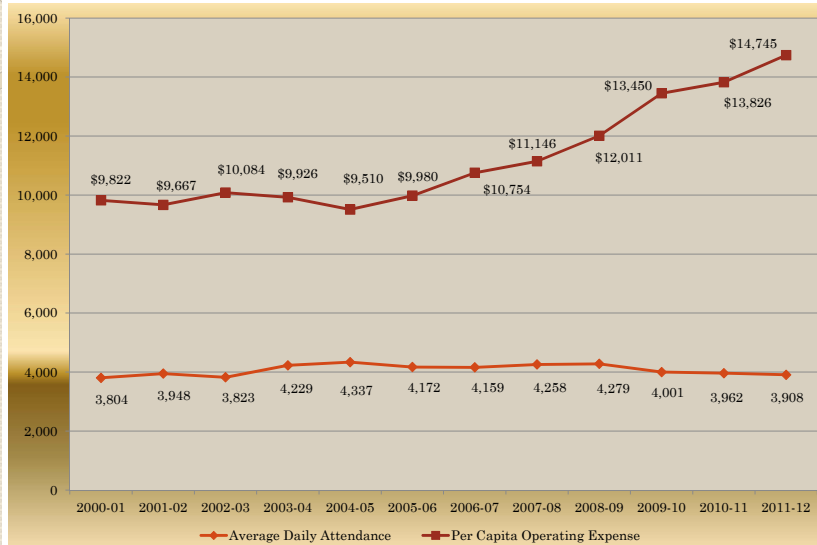
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## Background

- **Successful 2007 Referendum**
  - **Board of Education said...**
    - Absent any dire economic developments
    - Will not approach voters again before 2017
  - Maintain fund balance
    - 33%
    - **120 days of cash on hand**

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## Operating Expense Per Student



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## History of CPI-U

December XXXX CPI-U Used in PTELL Formula	Levy Year	CPI-U
1990		6.1%
1991		3.1%
2003		1.9%
2004		3.3%
2005		3.4%
2006	2007	2.5%
2007	2008	4.1%
2008	2009	0.1%
2009	2010	2.7%
2010	2011	1.5%
2011	2012	3.0%
2012	2013	1.7%

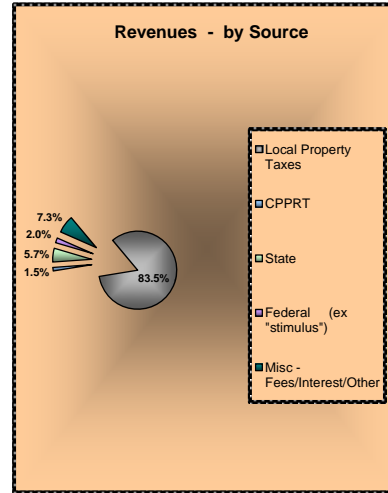
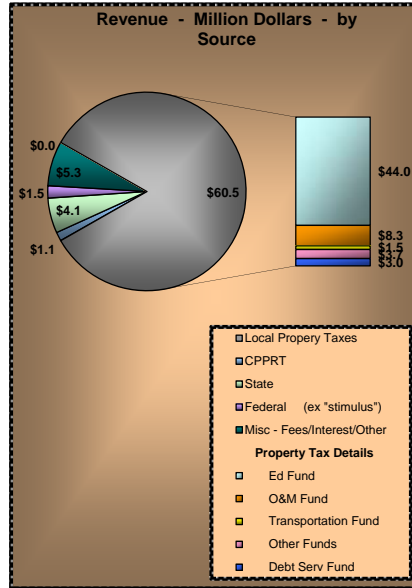
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## Sensitivities

- One million in added expense
  - 5 less days cash on hand in year 2013-14
- Rule of Thumb
  - One percent in CPI is roughly equivalent to:
    - 5¢ in tax rate
- Each 5¢ of tax rate is roughly equivalent to:
  - One million in annual revenues
  - 2 – 3% in salary & benefit costs
  - Class size increment of + or – one
  - Additional 10 staff members

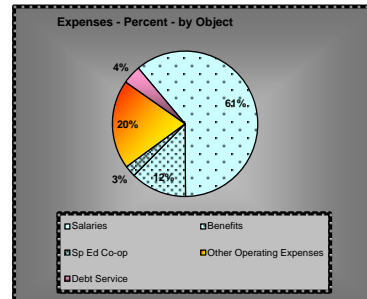
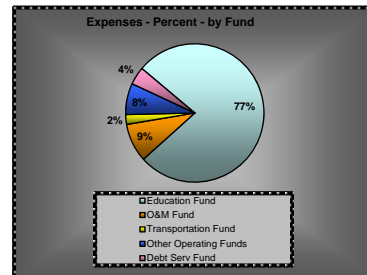
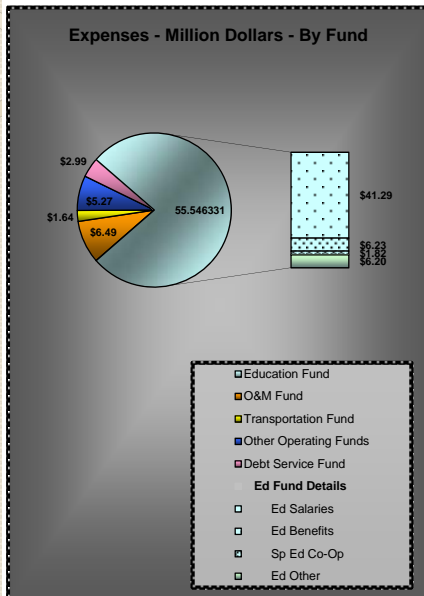
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# 2012-13 Revenue Budget



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# 2012-13 Expenditure Budget



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## CURRENT BASE CASE

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What does the current base case reflect?

- Current conditions – Status Quo

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## Revenue Assumptions

- CPI

- 2008 Levy – 4.1%
- 2009 Levy – 0.1%
- 2010 Levy – 2.7%
- 2011 Levy – 1.5%
- 2012 Levy – 3.0%

- EAV

- 2009 – **increase** 0.73%
- 2010 – **decrease** 5.6%
- 2011 – **decrease** 8.6%

- Triennial Assessment Pattern

- 2013 Levy – 1.7%
- 2014 Levy – 1.7%
- 2015 Levy – 2.3%
- 2016 Levy – 1.7%
- 2013 – **increase** 10%
- 2014 – **increase** 1%
- 2015 – **decrease** 3%

*Last year pattern: 2.0% – 2.5%*

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## Revenue Assumptions – Student Fees

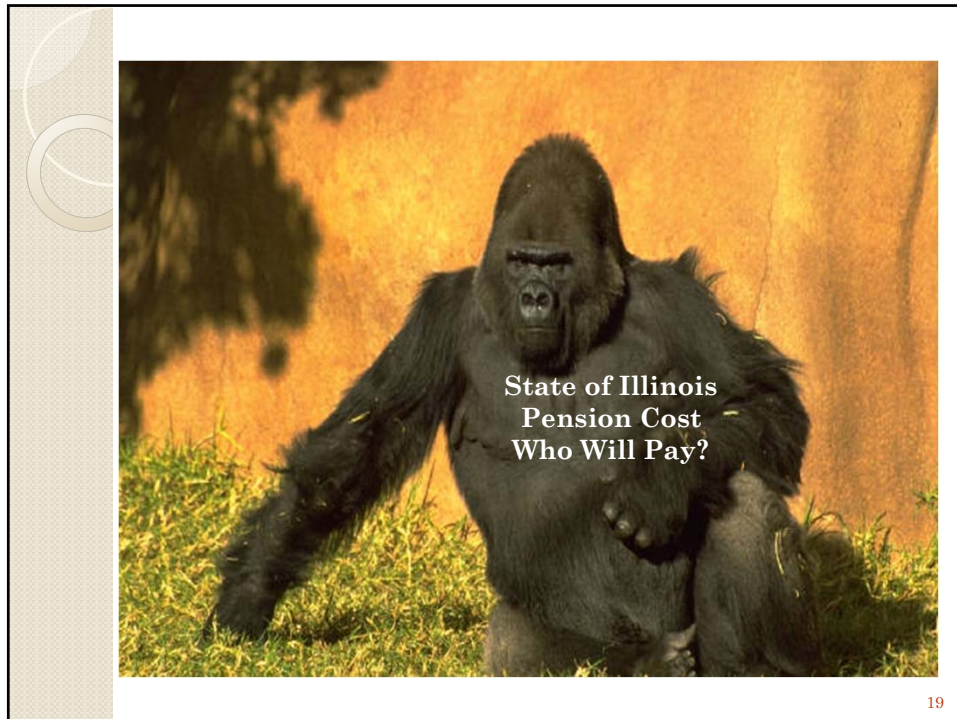
- CFC

- Option 4
  - Keep fees at current level;
  - Repeat the 2009 CFC study by December 2013

- 2009 CFC Study

- Annually increase fees by CPI:
- Middle School
  - From \$315
  - 2013-14 - \$347
- Elementary
  - From \$227
  - 2013-14 - \$250

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## Expenditure Assumptions

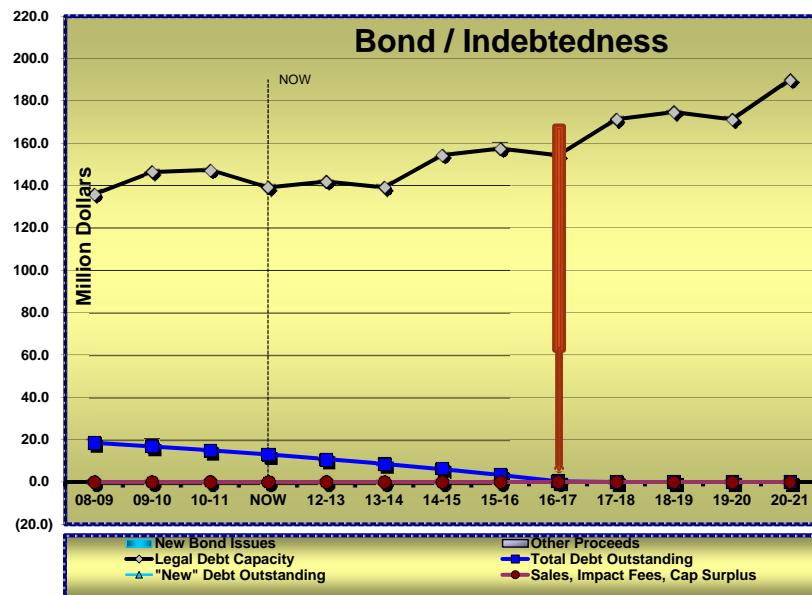
- Staffing reflects Kasarda “Series B” projection
  - K – 8 average class size of 24
- Salaries reflect current contractual agreements
- Benefits average 8.0% (*last year 5.0%*)
  - *Retirement incentives*
- All other expenses are increased by CPI
- Special Education Tuition average 5.0%
- Capital Projects -

## Capital Projects and Maintenance Projects Expenditure Assumptions

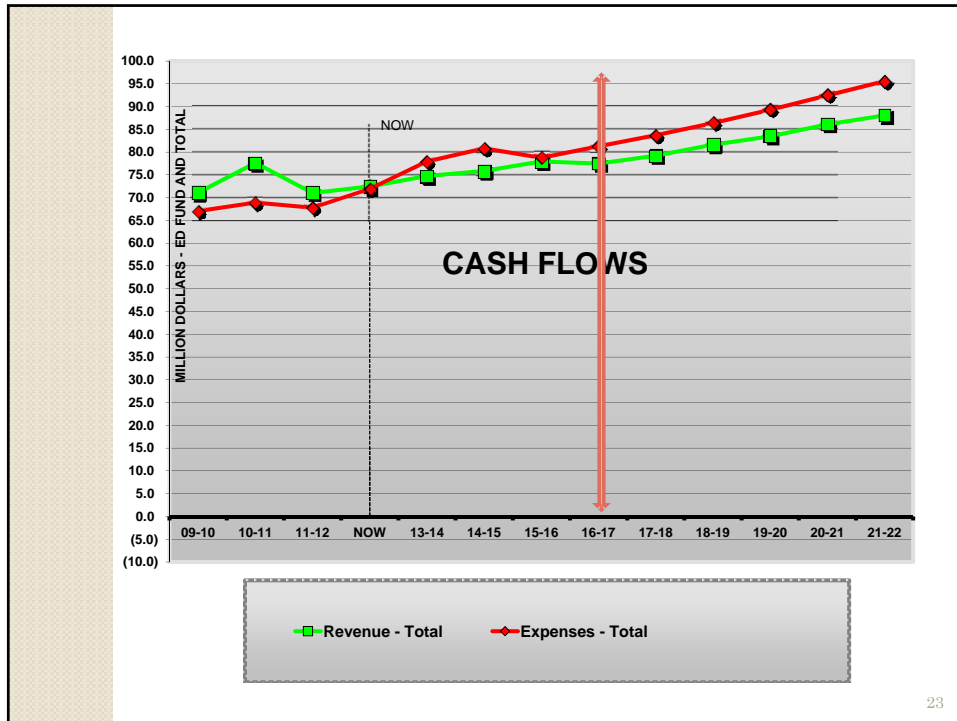
### By Fiscal Year:

- 2013-14 - \$6.5 million
- 2014-15 - \$6.5 million
- 2015-16 - \$1.6 million
- 2016-17 - \$1.6 million
- *2017-18 – \$4.0 million*

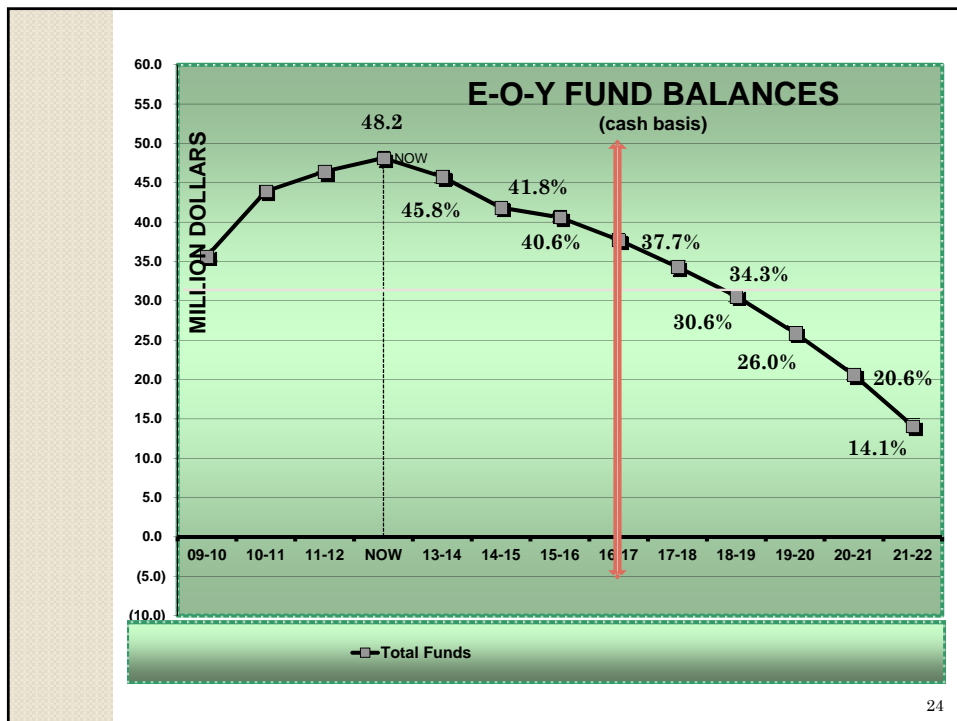
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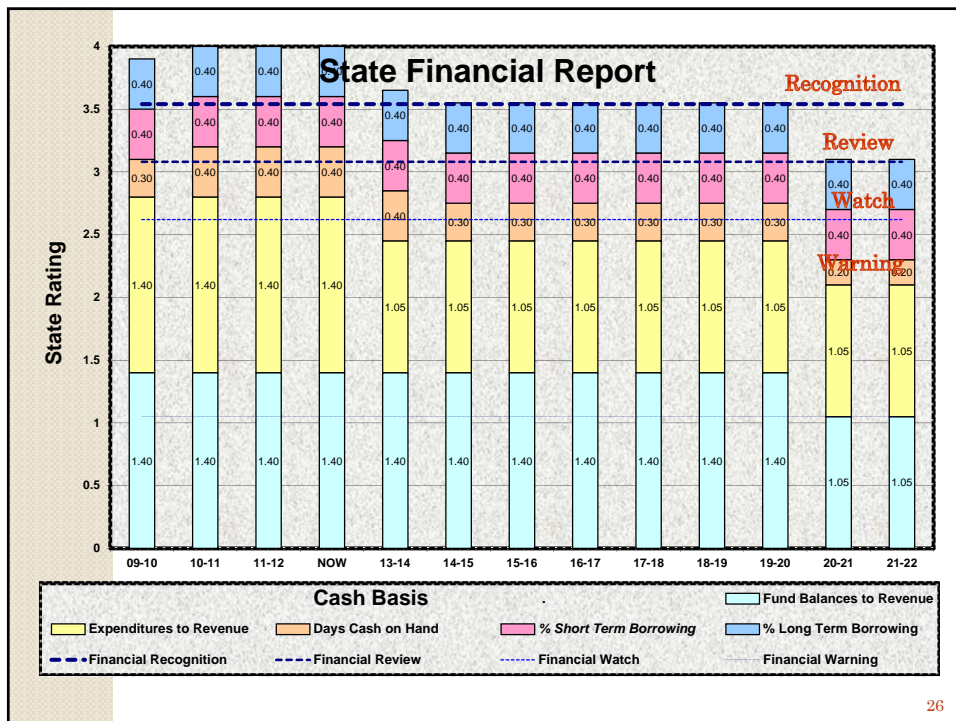
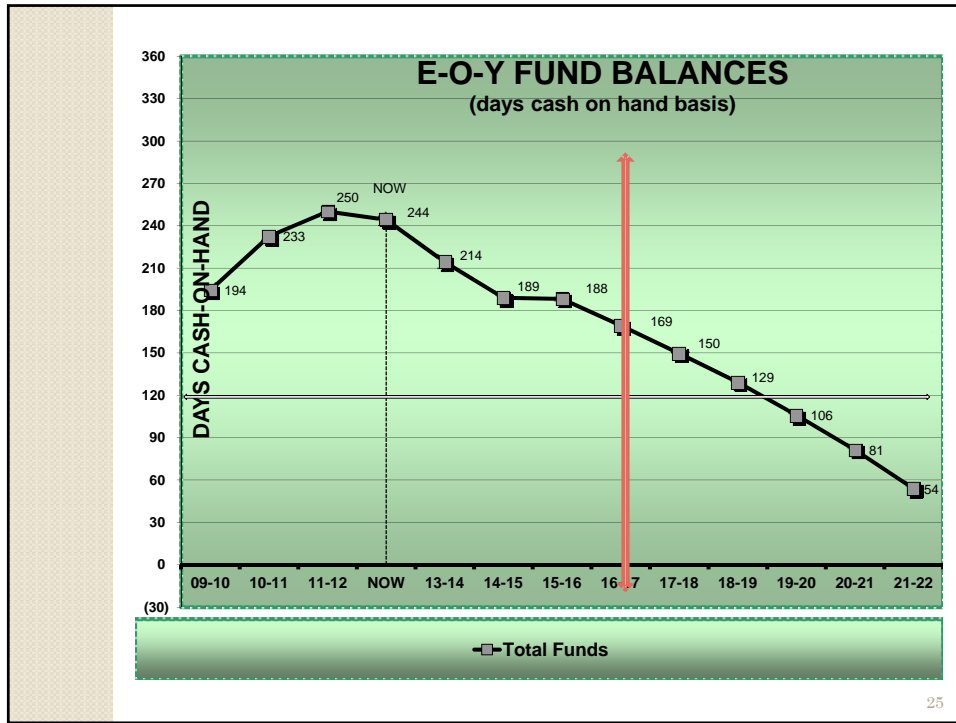
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CONCLUSION

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*District 64  
has positioned itself with  
**solid fund balances,**  
positive cash flows with  
considerable flexibility  
to honor the Referendum  
Commitment.*

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*Financial projections  
need to be updated as  
economic conditions  
change*

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° BOARD DISCUSSION

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