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## Park Ridge CCSD 64

PMA Financial Planning Program  
Presented by  
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PMA Financial Network, Inc.  
February 10, 2014

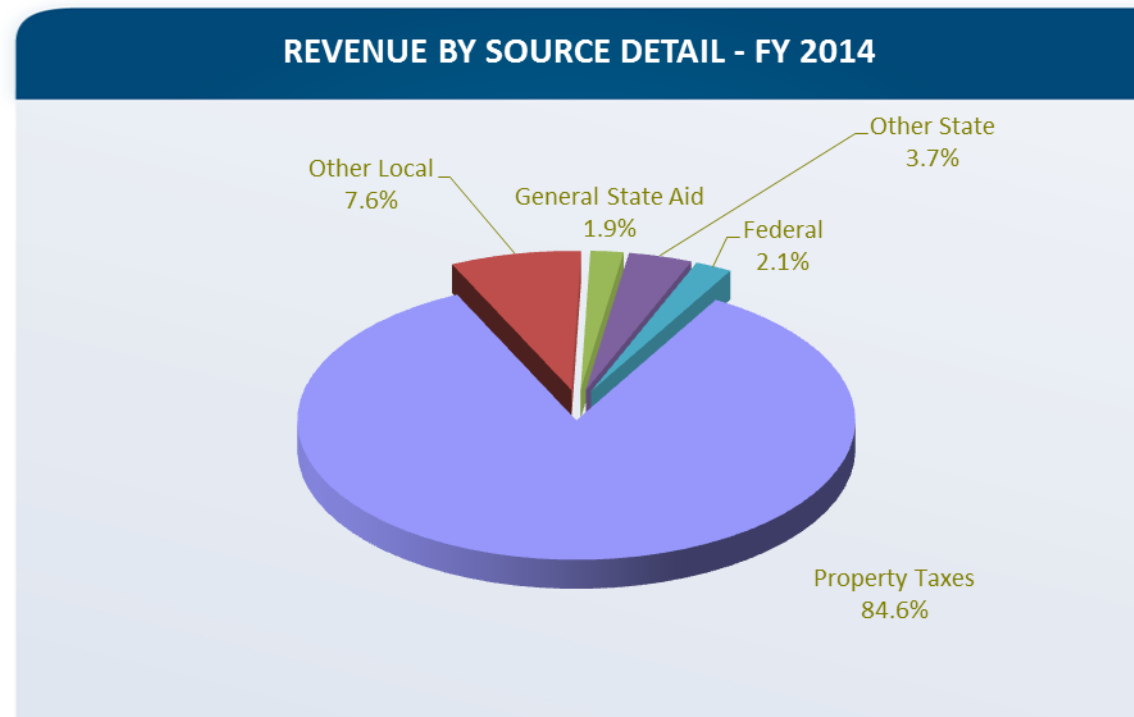
## Financial Planning Program

### *Data Elements*

- Five Years of Audited Annual Financial Reports
- FY2014 Budget
- Tax Levy / Extensions / Tax Rates/Distributions
- Equalized Assessed Valuation
- Enrollment
- Staffing Ratios
- Compensation and Benefits Provided
- District Assumptions

## FY 2014 Budget

### Revenue by Source – Operating Funds (\$70,984,559)



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

Data & Assumptions provided by District

## Key Revenue Assumptions

- Local Revenue

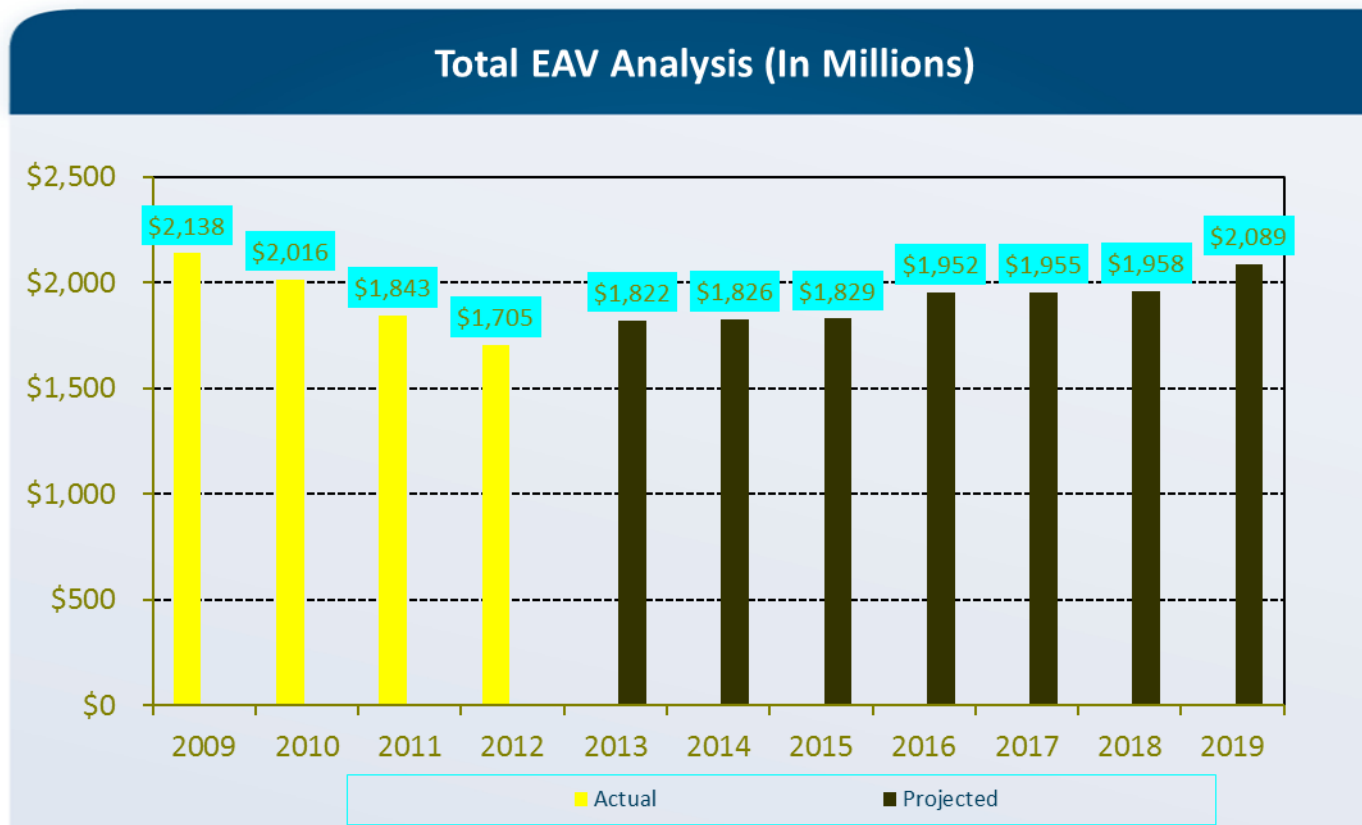
- Levies 2013 – 2019

- 1.7% CPI for Levy Year 2013, 1.5% for Levy Year 2014; CPI will average 1.9% between LY2015 and LY2019
      - Each .1% CPI increases or decreases operating fund tax revenues by approximately \$60,000
    - Existing EAV projected to increase 6.6% this year, then be flat for two years, repeating the cycle in LY2016 and LY2019
      - This change only impacts the tax rate, not the revenue from existing EAV
    - New property estimates: \$3.3 million this year, then \$4.3 million in LY2014; in subsequent years, the assumption is \$3.3 million per year
      - Each \$1 million of new construction generates approximately \$32,000 for the operating funds

## Key Revenue Assumptions

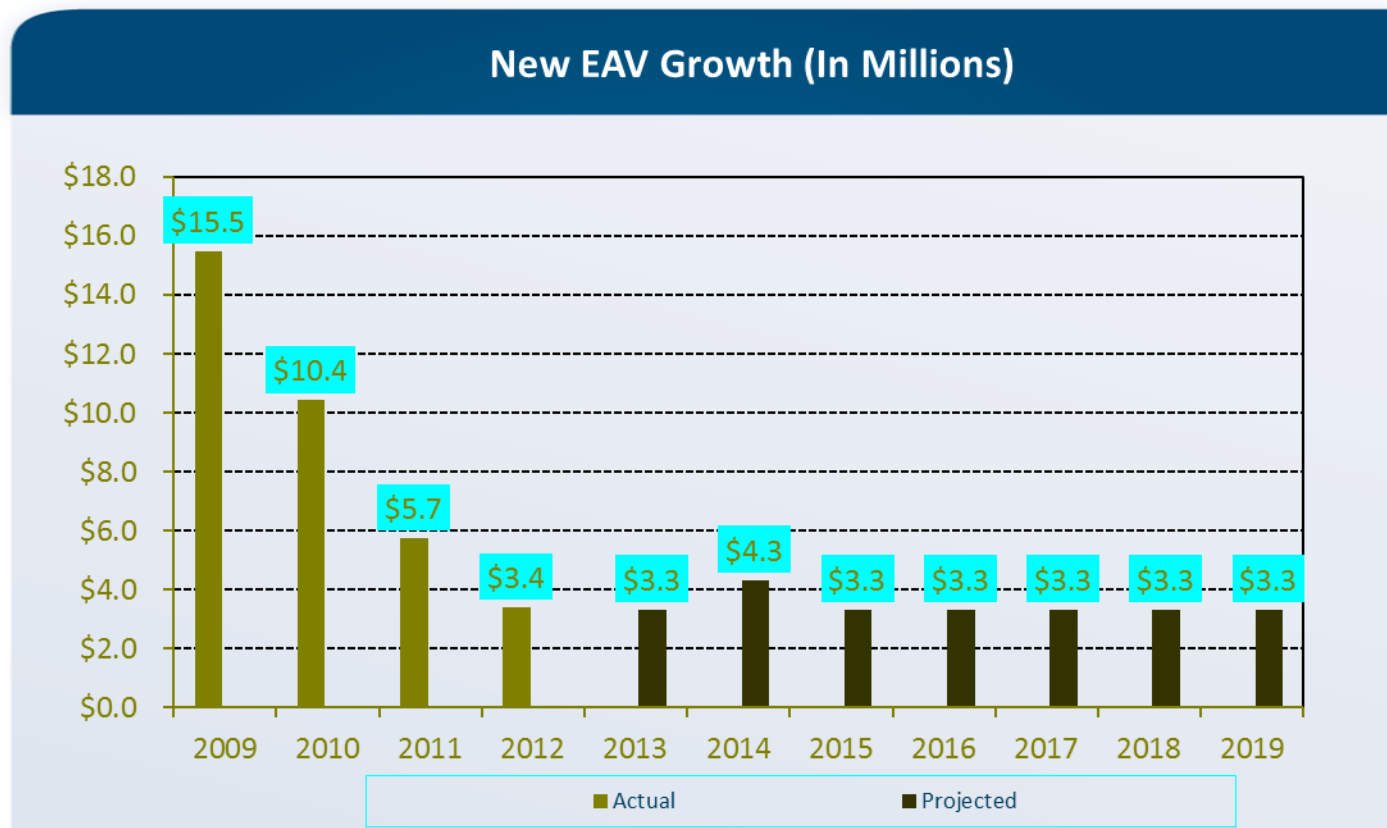
- State Revenue
  - General State Aid
    - The District is in the Alternate Formula for General State Aid
    - Foundation level projected to stay flat, but prorated at 89% each year
      - Each 1% proration equates to approximately \$15,000
    - GSA stays relatively flat under these assumptions
- Federal Revenue:
  - No increases projected

## Equalized Assessed Valuation

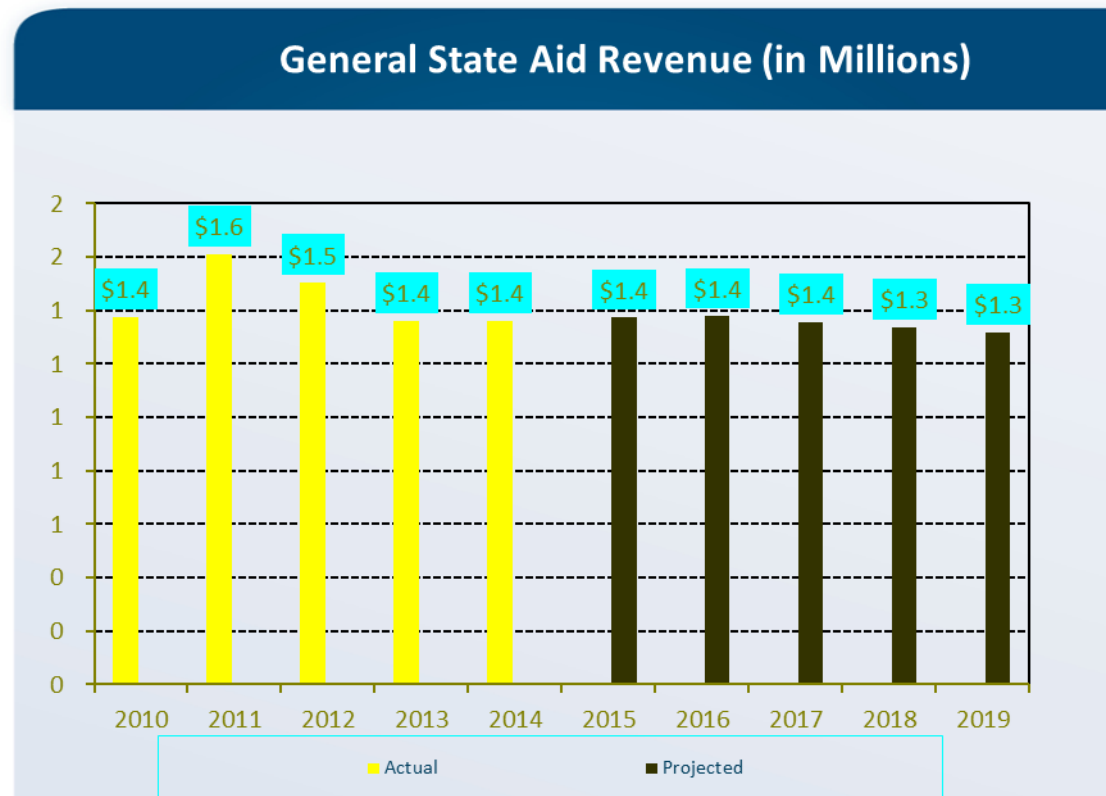


Source: District Projections

## New Growth



## State Revenue: General State Aid

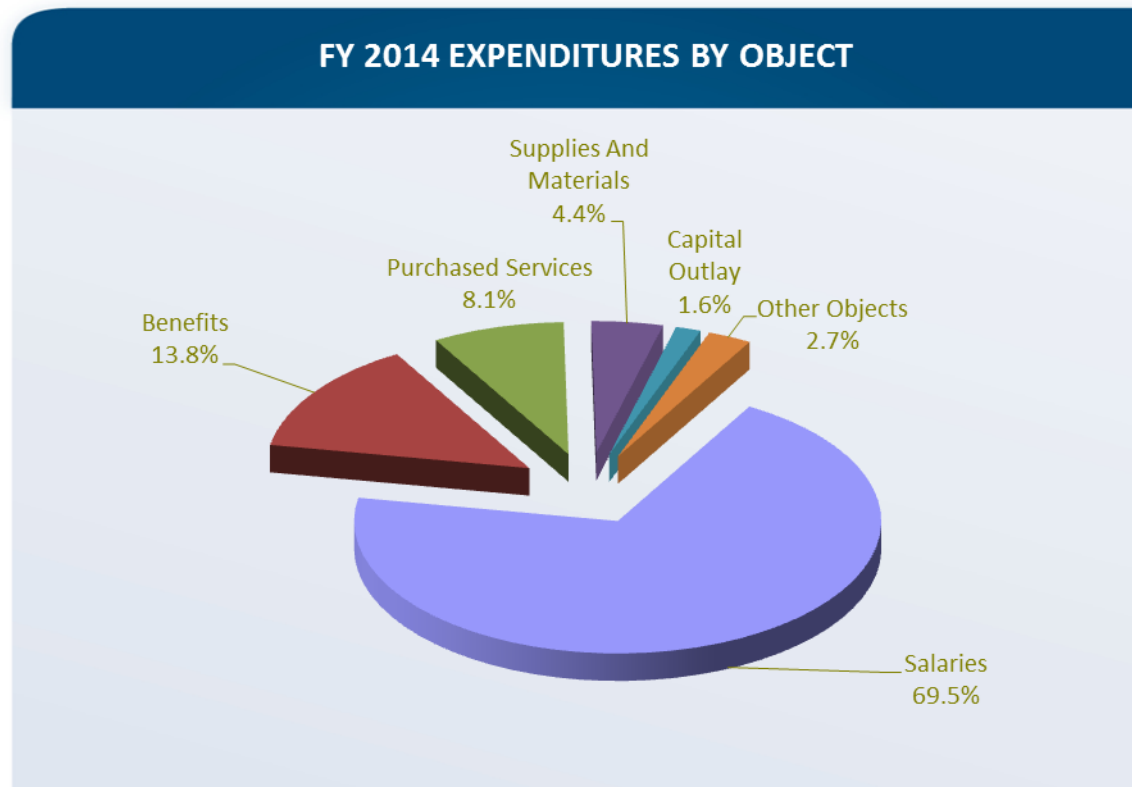


Source: District Projections



# FY14 Budget

Expenditures by Object – Operating Funds (\$67,932,089)



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

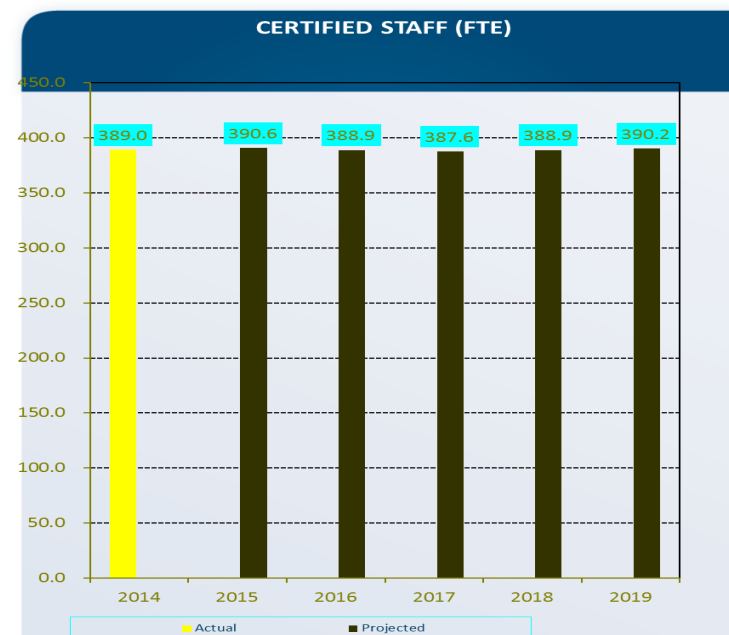
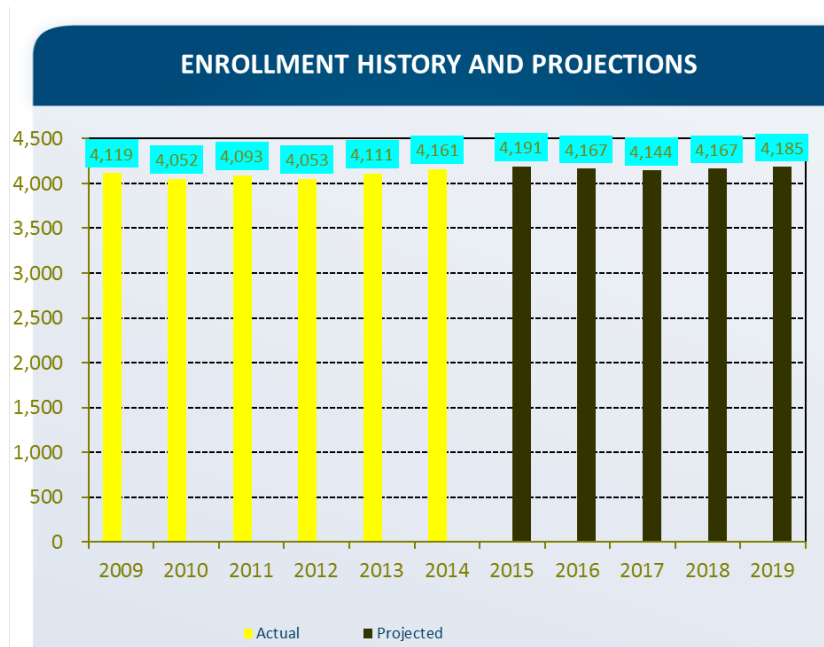
## Key Expenditure Assumptions

- Education Fund Purchased Services, Supplies & Materials, Capital Outlay, Tuition
  - ❑ Increases reflect Consumer Price Index increases
  - ❑ Tuition increases are 3.5% annually
- Operations and Maintenance
  - ❑ In the base model, O&M Fund Capital Outlay for facilities maintenance is increased to \$1 million annually beginning in FY15
  - ❑ In the other two scenarios presented, that O&M Fund Capital Outlay remains at \$500,000 annually
- Transportation Fund
  - ❑ The cost of the transportation contract is expected to increase significantly next year, then increase at CPI

## Key Expenditure Assumptions

- Salaries
  - Teachers
    - Current contract through FY2016
    - Future years to be negotiated
- Health Benefits
  - FY15-19 7% annual increases for health insurance, 3% for dental insurance

## Enrollment and Staffing Are Stable



# Base Model Aggregate Projections

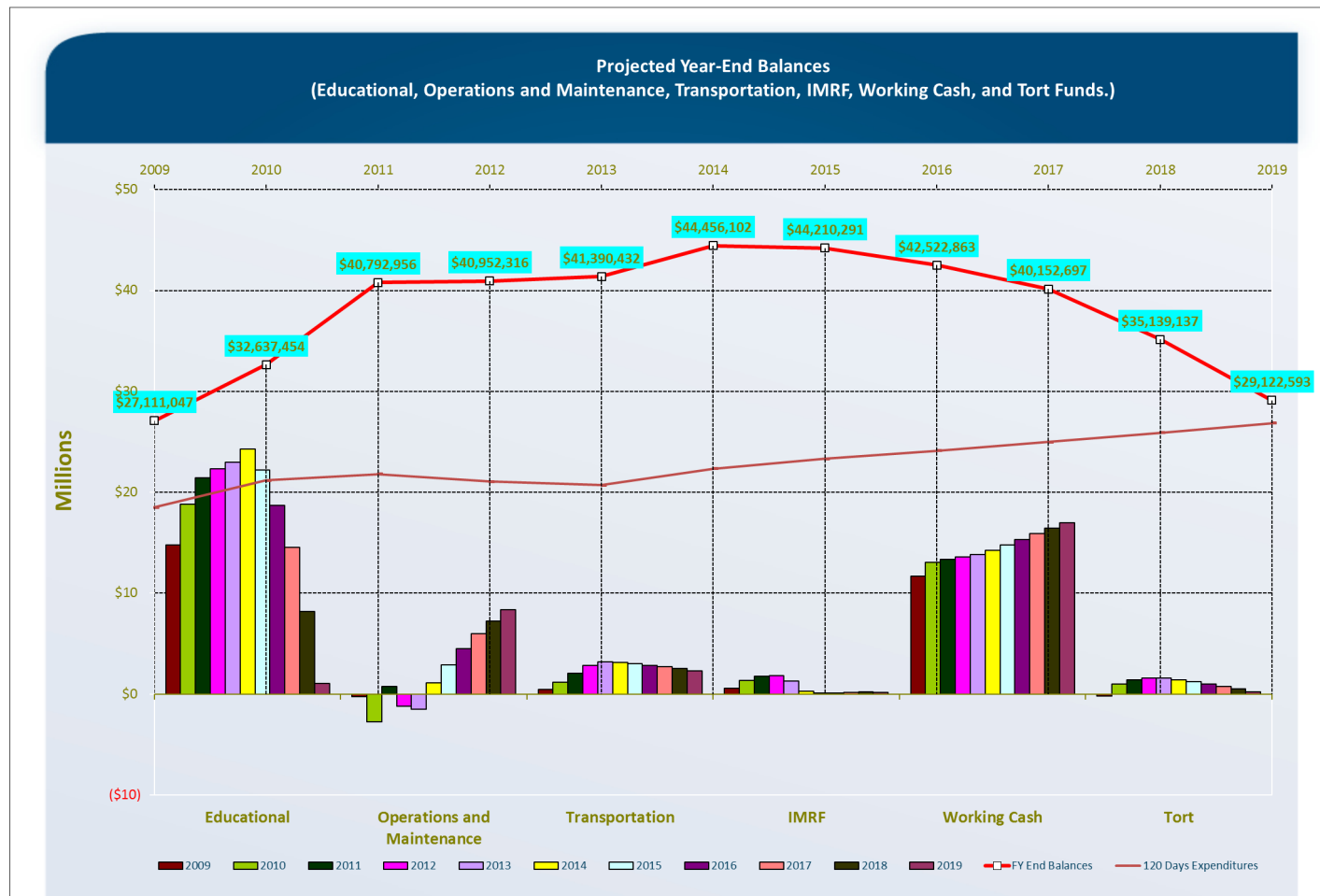
(Operating Funds include Educational, O&M, Transportation, IMRF, Working Cash and Tort Funds)

Aggregate - Projection Summary											
	BUDGET	REVENUE / EXPENDITURE PROJECTIONS									
	FY 2014	FY 2015	% chg	FY 2016	% chg	FY 2017	% chg	FY 2018	% chg	FY 2019	% chg
<b>REVENUE</b>											
Local	\$65,469,494	\$65,151,554	-0.49%	\$66,097,849	1.45%	\$68,029,713	2.92%	\$68,210,199	0.27%	\$70,095,830	2.76%
State	\$3,990,232	\$4,016,685	0.66%	\$4,079,142	1.55%	\$4,070,203	-0.22%	\$4,062,930	-0.18%	\$4,057,258	-0.14%
Federal	\$1,524,833	\$1,524,833	0.00%	\$1,524,833	0.00%	\$1,524,833	0.00%	\$1,524,833	0.00%	\$1,524,833	0.00%
Other	\$0	\$0		\$0		\$0		\$0		\$0	
<b>TOTAL REVENUE</b>	<b>\$70,984,559</b>	<b>\$70,693,072</b>	<b>-0.41%</b>	<b>\$71,701,824</b>	<b>1.43%</b>	<b>\$73,624,750</b>	<b>2.68%</b>	<b>\$73,797,962</b>	<b>0.24%</b>	<b>\$75,677,921</b>	<b>2.55%</b>
<b>EXPENDITURES</b>											
Salary and Benefit Costs	\$56,559,258	\$58,700,585	3.79%	\$60,916,536	3.78%	\$63,263,404	3.85%	\$65,834,424	4.06%	\$68,446,394	3.97%
Other	\$11,372,831	\$12,238,298	7.61%	\$12,472,716	1.92%	\$12,731,512	2.07%	\$12,977,097	1.93%	\$13,248,071	2.09%
<b>TOTAL EXPENDITURES</b>	<b>\$67,932,089</b>	<b>\$70,938,883</b>	<b>4.43%</b>	<b>\$73,389,252</b>	<b>3.45%</b>	<b>\$75,994,916</b>	<b>3.55%</b>	<b>\$78,811,522</b>	<b>3.71%</b>	<b>\$81,694,465</b>	<b>3.66%</b>
<b>SURPLUS / DEFICIT</b>	<b>\$3,052,470</b>	<b>(\$245,811)</b>		<b>(\$1,687,428)</b>		<b>(\$2,370,166)</b>		<b>(\$5,013,560)</b>		<b>(\$6,016,544)</b>	
<b>OTHER FINANCING SOURCES/USES</b>											
Transfer Among Funds (Net)	\$13,200	\$0		\$0		\$0		\$0		\$0	
Sale of Bonds	\$0	\$0		\$0		\$0		\$0		\$0	
Other Financing Sources	\$0	\$0		\$0		\$0		\$0		\$0	
Other Financing Uses	\$0	\$0		\$0		\$0		\$0		\$0	
<b>TOTAL OTHER FIN. SOURCES/USES</b>	<b>\$13,200</b>	<b>\$0</b>		<b>\$0</b>		<b>\$0</b>		<b>\$0</b>		<b>\$0</b>	
<b>SURPLUS / DEFICIT INCL. OTHER FIN. SOURCES</b>	<b>\$3,065,670</b>	<b>(\$245,811)</b>		<b>(\$1,687,428)</b>		<b>(\$2,370,166)</b>		<b>(\$5,013,560)</b>		<b>(\$6,016,544)</b>	
<b>BEGINNING FUND BALANCE</b>	<b>\$41,390,432</b>	<b>\$44,456,102</b>		<b>\$44,210,291</b>		<b>\$42,522,863</b>		<b>\$40,152,697</b>		<b>\$35,139,137</b>	
<b>PROJECTED YEAR END BALANCE</b>	<b>\$44,456,102</b>	<b>\$44,210,291</b>		<b>\$42,522,863</b>		<b>\$40,152,697</b>		<b>\$35,139,137</b>		<b>\$29,122,593</b>	
<b>FUND BALANCE AS % OF EXPENDITURES</b>	<b>65.44%</b>	<b>62.32%</b>		<b>57.94%</b>		<b>52.84%</b>		<b>44.59%</b>		<b>35.65%</b>	
<b>FUND BALANCE AS # OF DAYS OF EXPEND.</b>	<b>238.86</b>	<b>227.47</b>		<b>211.49</b>		<b>192.85</b>		<b>162.74</b>		<b>130.12</b>	

## 120 Days Cash on Hand and Extrapolation to FY2021

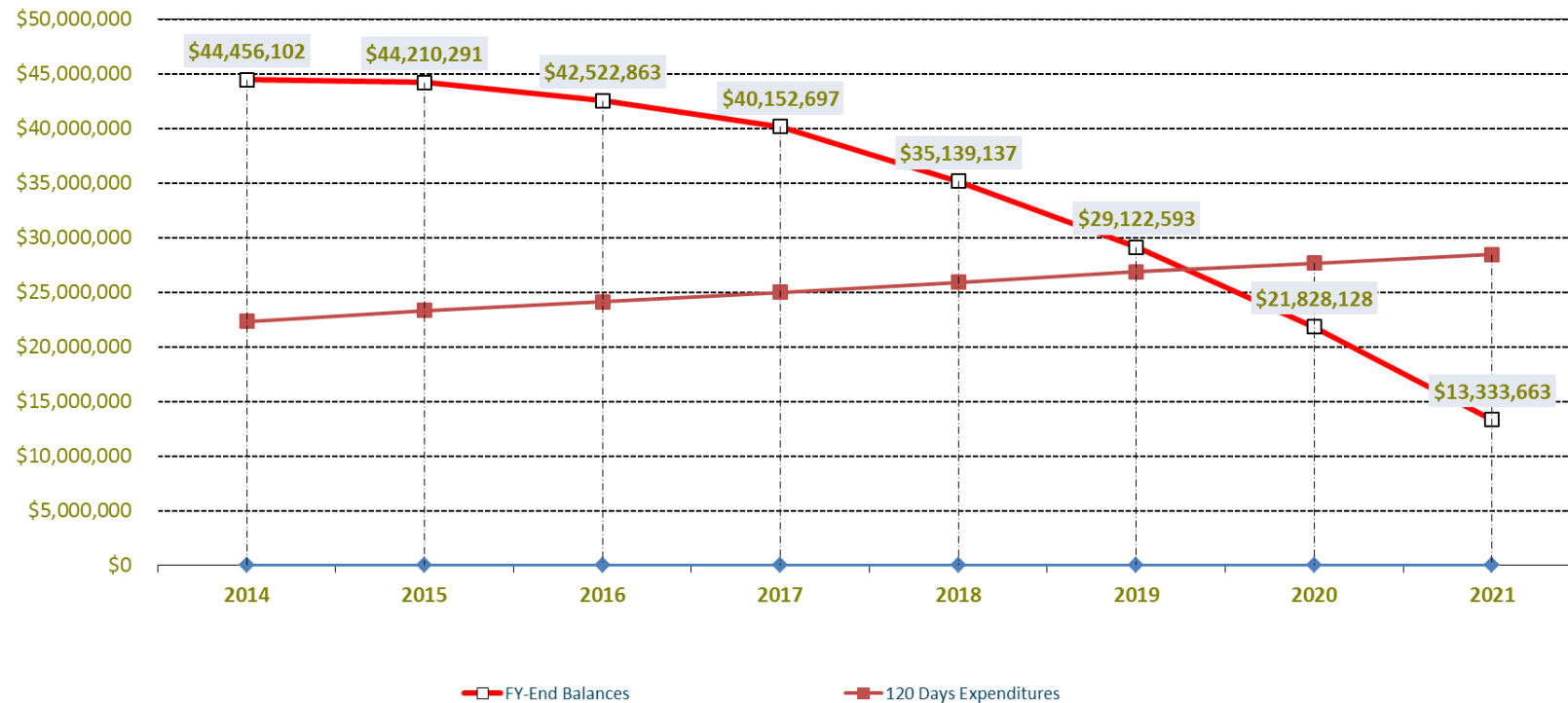
- The District has established a target of having a minimum of 120 days of expenditures in cash on hand
- The District has stated its goal of maintaining that minimum balance through FY2021

## Base Model Eleven Year Summary with 120 Days Cash Metric



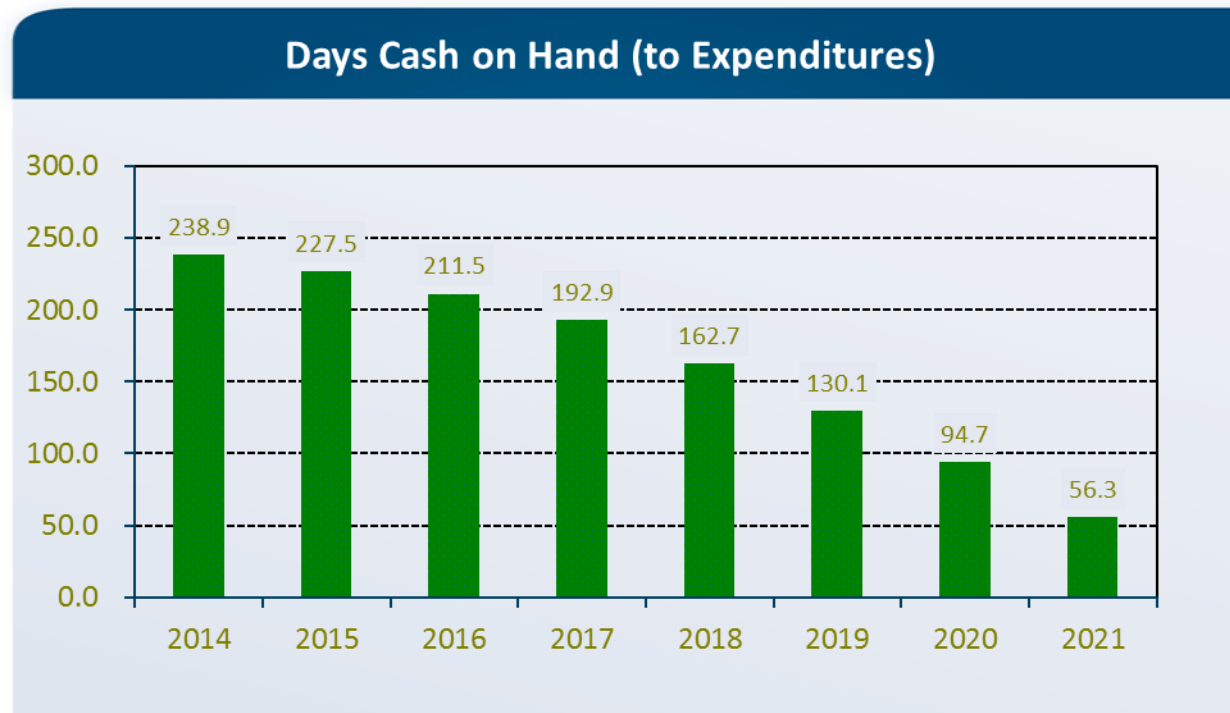
# Base Model Future Projection Summary through FY2021

## Aggregate View - Projection Summary





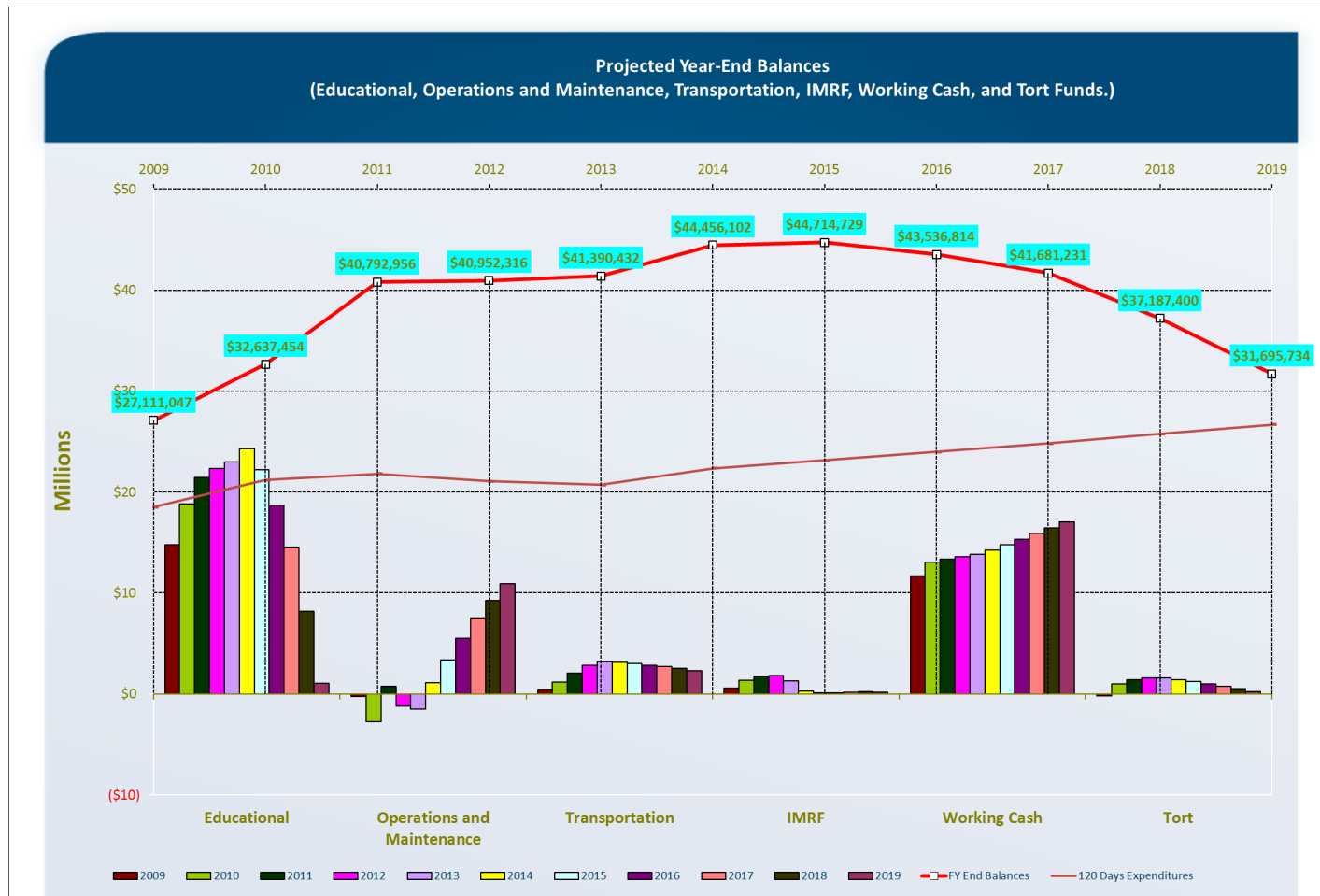
## Base Model – Days Cash on Hand



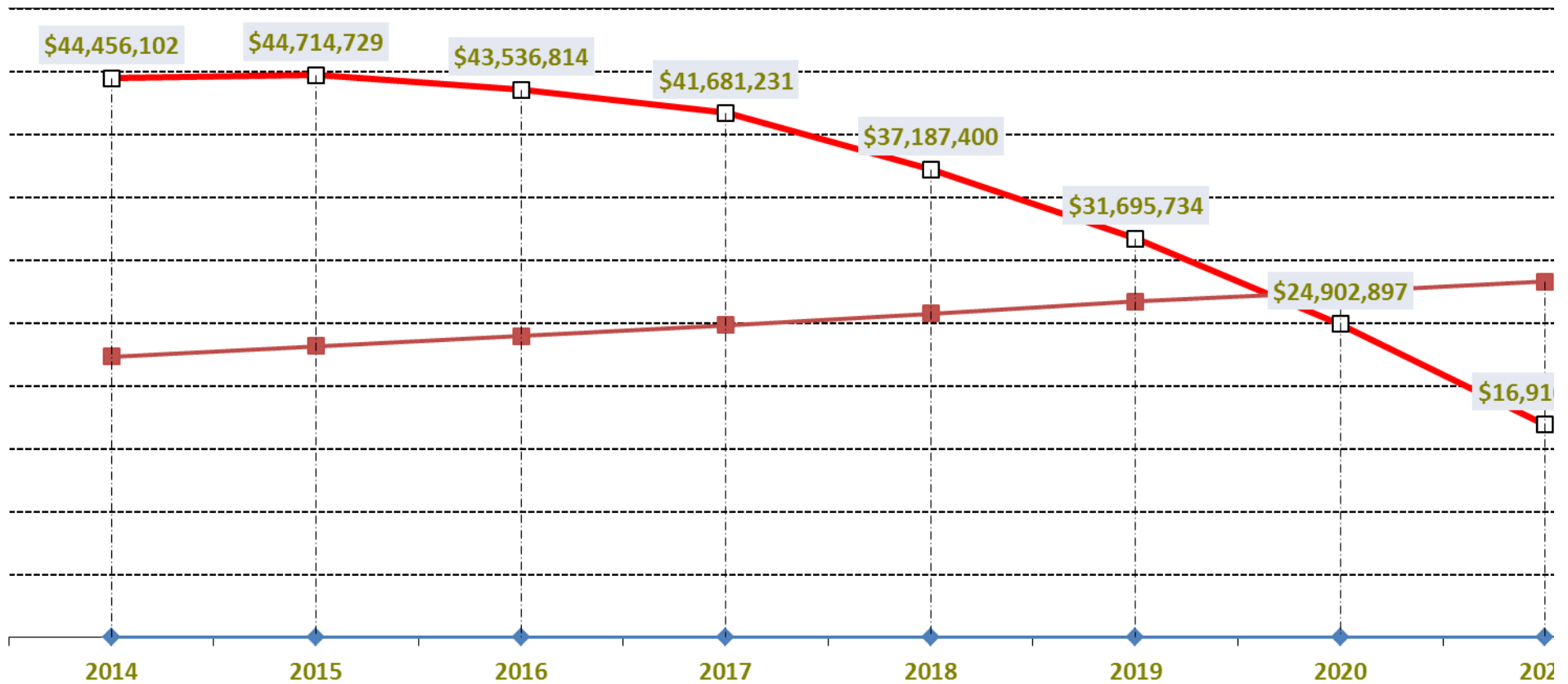
## Alternate Scenarios

- Scenario 1
  - ❑ Maintain O&M Capital Outlay at current \$500,000
  - ❑ No other changes

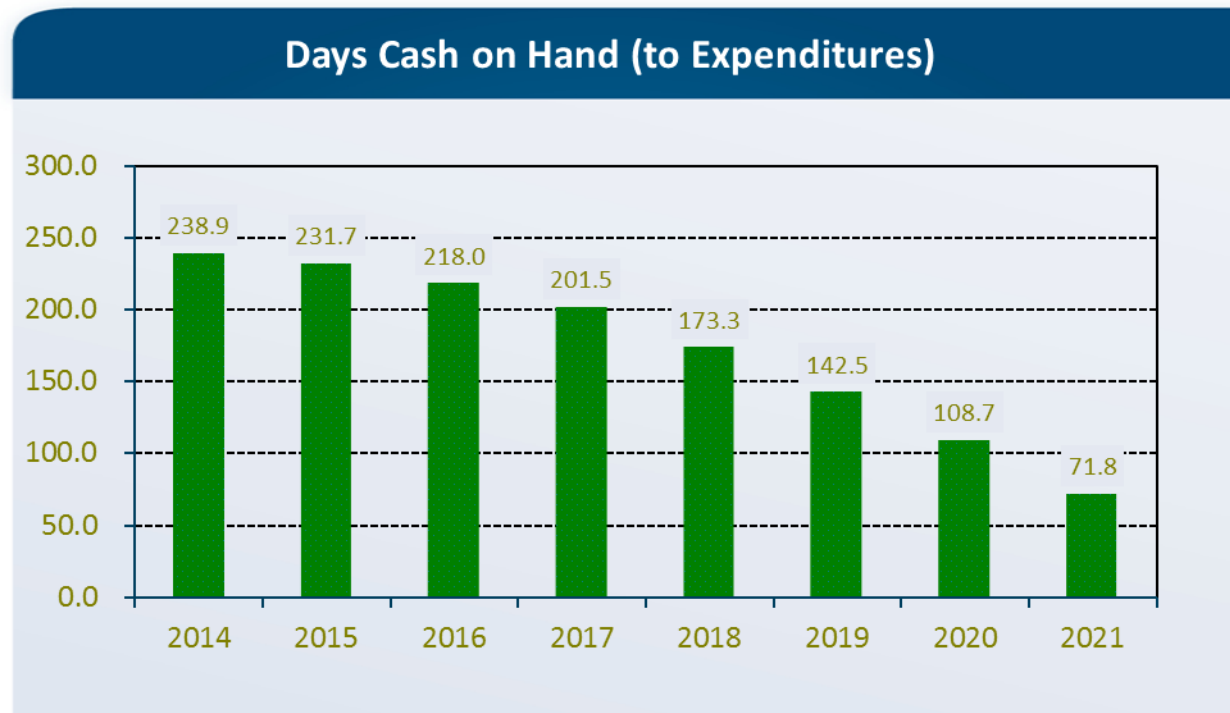
## Scenario 1 (Capital Outlay \$500,000) Summary with 120 Days Cash Metric



## Aggregate View - Projection Summary



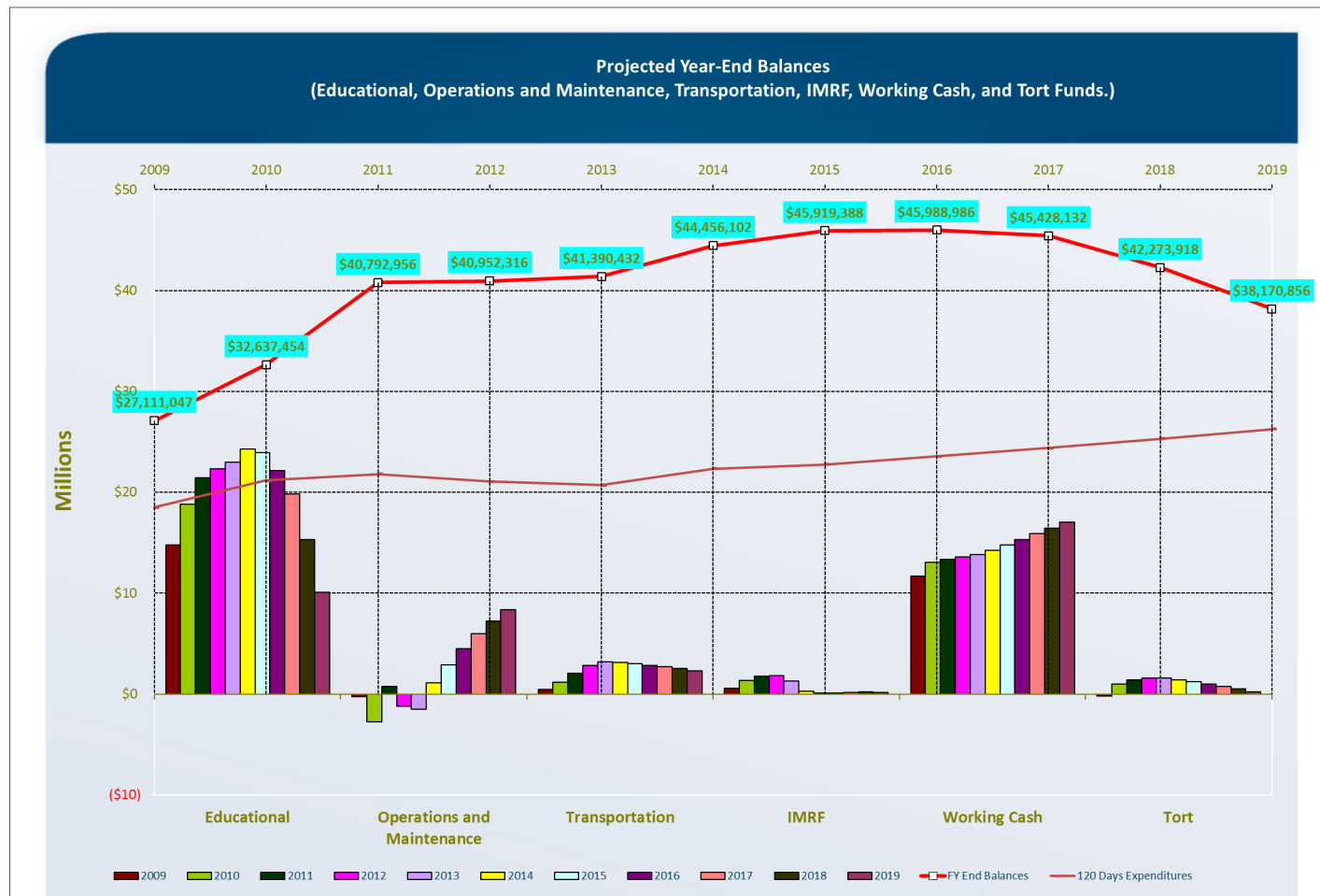
## Scenario 1 - Days Cash on Hand



## Scenario 2: What Does It Take to Meet Both Goals

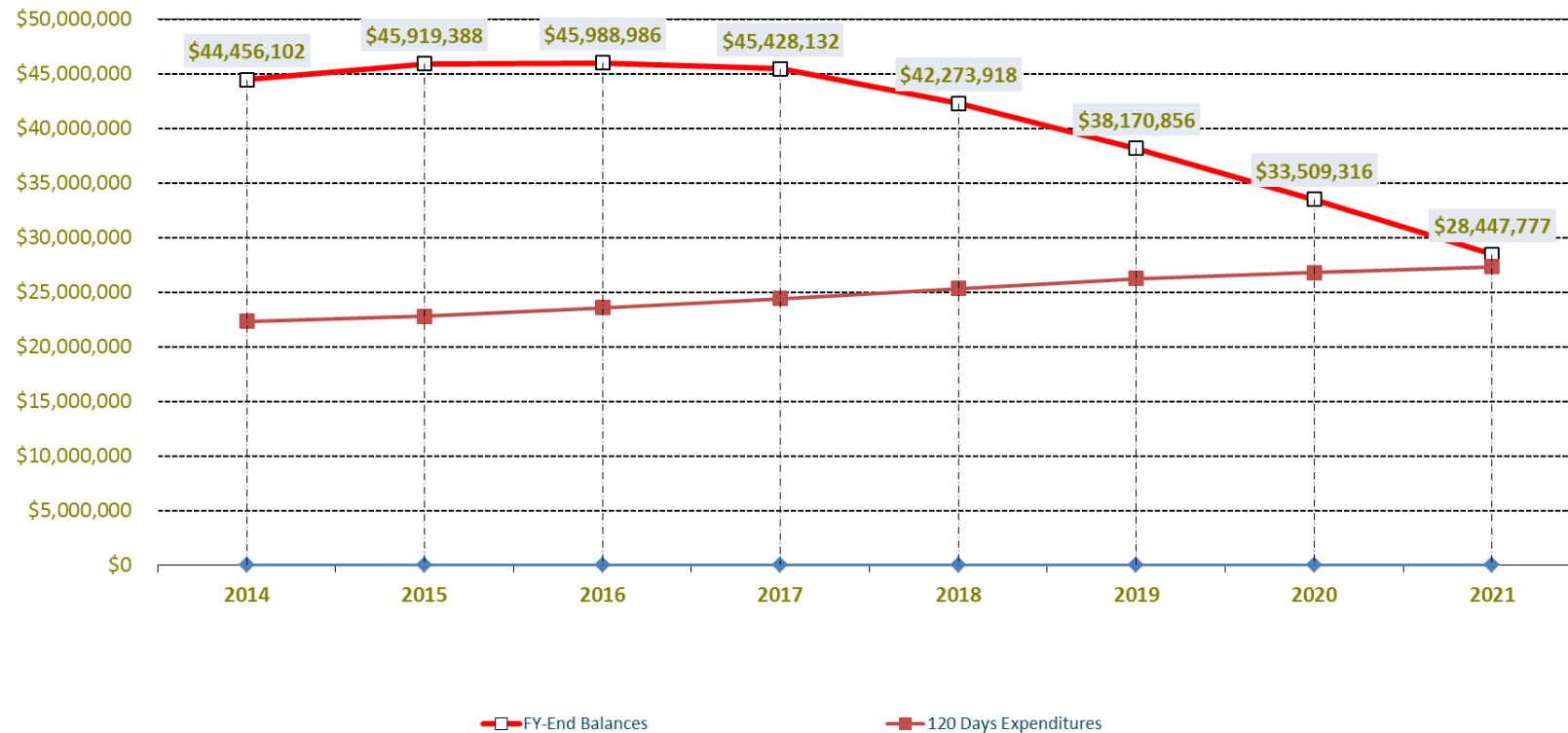
- Maintain O&M Capital Outlay at \$500,000
- Reduce FY15 expenditures by \$1.2 million, and maintain that reduction

## Scenario 2



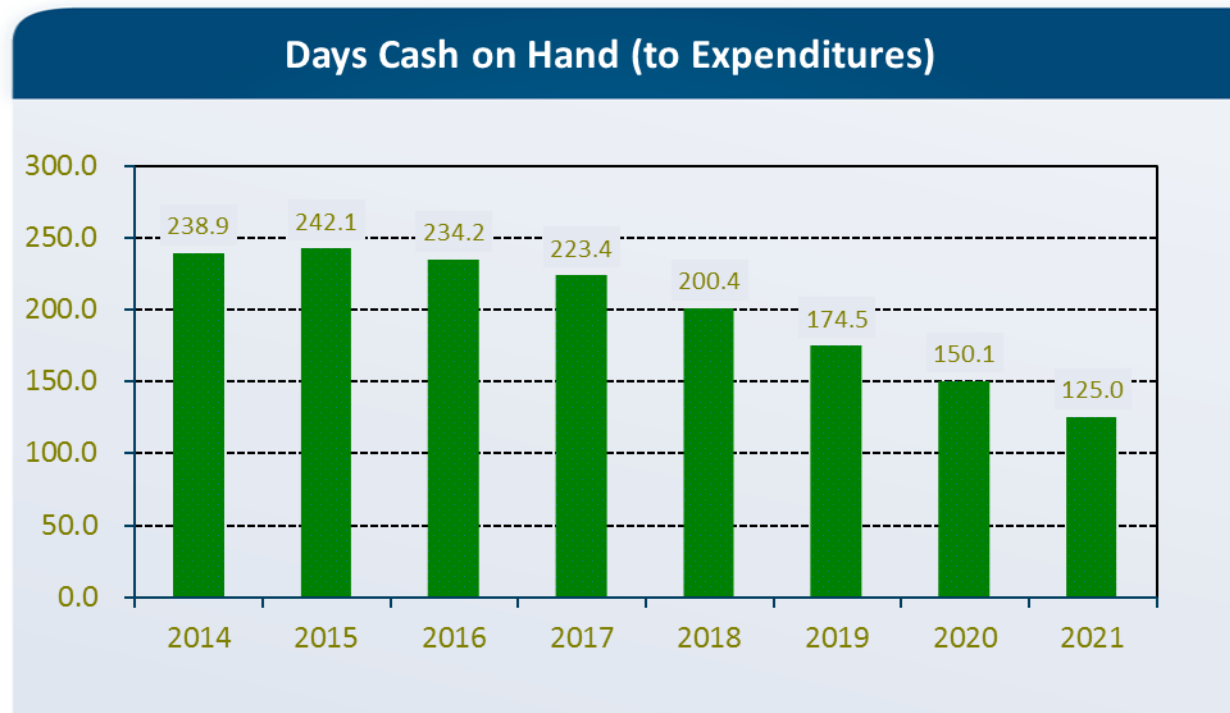
## Scenario 2

### Aggregate View - Projection Summary





## Scenario 2 – Days Cash on Hand



## Pension Reform

- Pension reform now in the courts
  - ❑ Cost shift from State to local school districts is NOT currently part of that reform
  - ❑ Could resurface, particularly if any part of the pension reform legislation is found unconstitutional
  - ❑ Not included in current projections
  - ❑ Smallest shift discussed was .5% per year increase (from .58% to 1.08% to 1.58%, up to some undetermined percent around 8%)
  - ❑ Largest shift is 1% per year increase



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