

**Committee of the Whole  
Understanding Revenues**

Park Ridge – Niles School District 64  
Thursday, June 27, 2013



## Agenda

- 6:30 PM Discussion Item One –  
Source of Revenues
- 7:00 PM Discussion Item Two –  
Budget Process
- 7:15 PM Discussion Item Three –  
Levy Process
- 7:45 PM Discussion Item Four –  
Overview of Revenue Reports
- 8:15 PM Discussion Item Five –  
Cash Flow- Financial Projections
- 8:45 PM Discussion Item Six –  
Debt Service

# \$ Source of Revenues

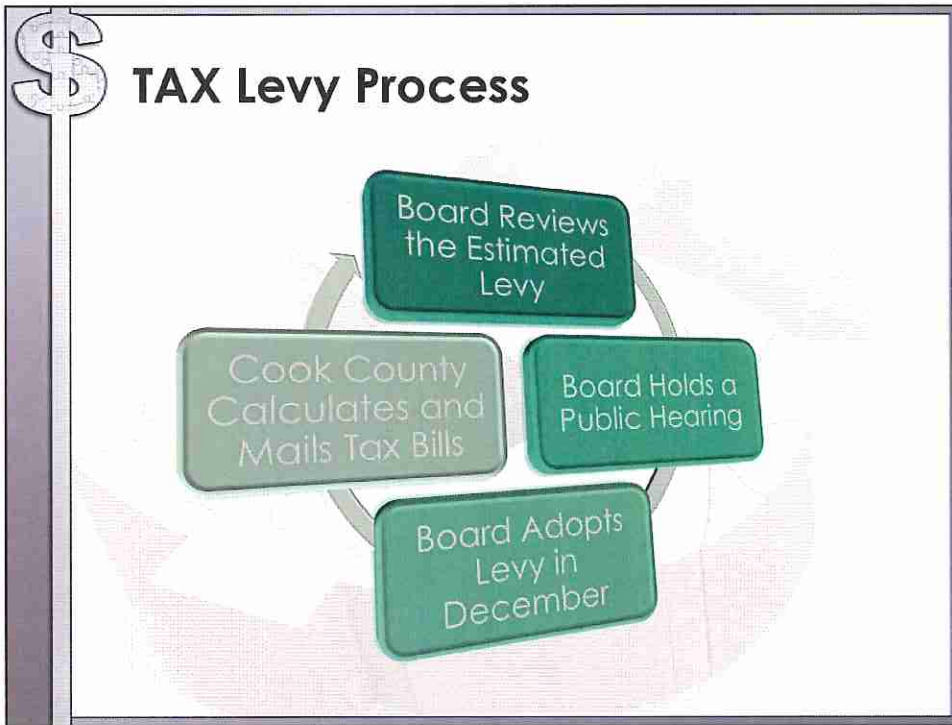
<p><b>Local Revenues</b></p> <ul style="list-style-type: none"> <li>• <b>Property Taxes</b></li> <li>• CPPRT</li> <li>• Tuitions             <ul style="list-style-type: none"> <li>• Community Students</li> <li>• Summer School</li> </ul> </li> <li>• Interest Income</li> <li>• Student Fees             <ul style="list-style-type: none"> <li>• Milk/Lunch</li> <li>• Participatory</li> <li>• Registration</li> <li>• Extended Day</li> <li>• Before School</li> <li>• Field Trip Bus Fees</li> </ul> </li> <li>• TIF Payments</li> <li>• Rental Payments</li> </ul>	<p><b>State Revenues</b></p> <ul style="list-style-type: none"> <li>• General State Aid</li> <li>• Special Education             <ul style="list-style-type: none"> <li>• Private Facility</li> <li>• Children Requiring Spec Ed Services</li> <li>• Personnel Reimbursement</li> <li>• Summer School</li> </ul> </li> <li>• Federal Revenues             <ul style="list-style-type: none"> <li>• IDEA</li> <li>• Title II Teacher Quality</li> <li>• Medicaid</li> </ul> </li> <li>• Transfers             <ul style="list-style-type: none"> <li>• Fund to Fund Transfers</li> </ul> </li> </ul>
---	---

# \$ Budget Process

*Should the budget be adopted by prior to the beginning of the fiscal year?*

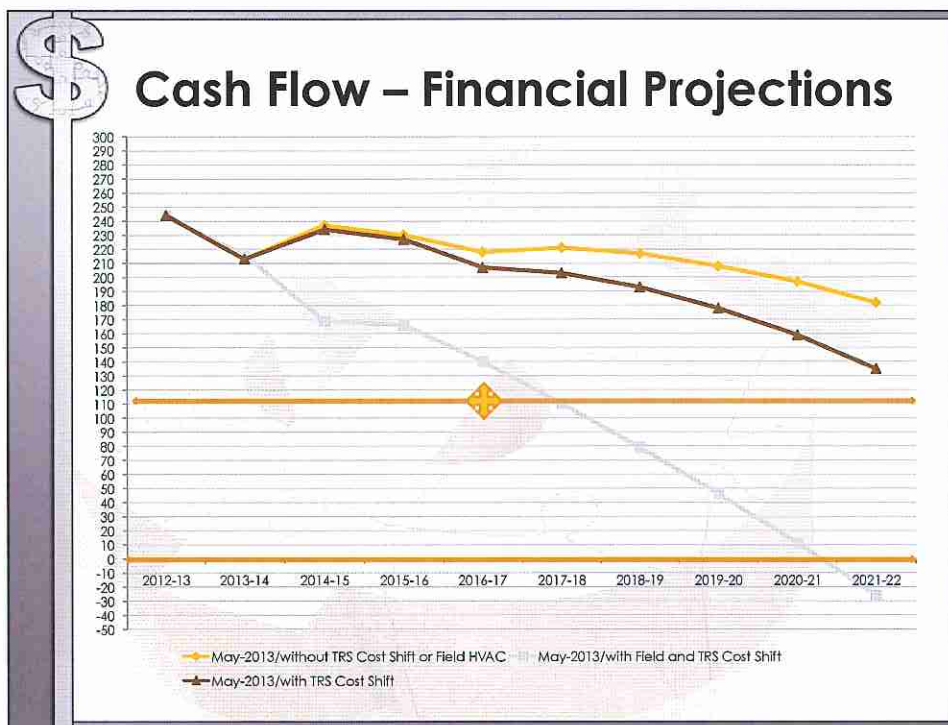
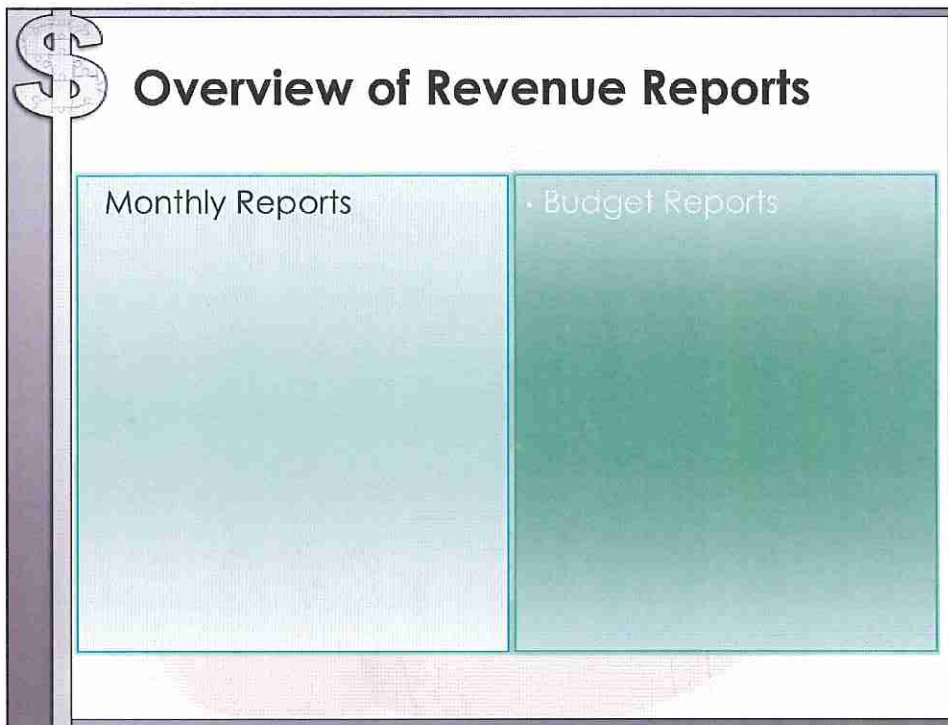
<p><b>PRO'S</b> <b>TO ADOPTING BUDGET PRIOR TO THE BEGINNING OF THE FISCAL YEAR</b></p>	<p><b>CON'S</b> <b>TO ADOPTING BUDGET PRIOR TO THE BEGINNING OF THE FISCAL YEAR</b></p>
<ul style="list-style-type: none"> <li>• Business World Model</li> <li>• Purchased Services, Supplies and Capital Outlay costs are known by June 30</li> </ul>	<ul style="list-style-type: none"> <li>• School Code permits adoption prior to September 30 of fiscal year</li> <li>• Revenues are uncertain</li> <li>• Salaries &amp; Benefits are not finalized</li> <li>• Re-adoption of budget likely             <ul style="list-style-type: none"> <li>• Less transparent</li> <li>• Double the workload</li> </ul> </li> </ul>

*Less Transparent*



## \$ Property Tax Extension Limitation Law (PTELL)

Factors	Formula
<input type="checkbox"/> CPI-U	<input type="checkbox"/> Prior year tax extension (Capped Funds) (Multiply by CPI-U)
<input type="checkbox"/> New Construction	<input type="checkbox"/> EAV (Total EAV less New Construction)
<input type="checkbox"/> Total EAV	<input type="checkbox"/> Limiting Rate (Multiply Times New Construction)
<input type="checkbox"/> Allocation By School Year By Fund	





Park Ridge-Niles School District  
64, Cook County, Illinois

June 27, 2013

Financing Options

*William Blair*

Market Overview

*William Blair*

## Historical AAA MMD Interest Rates

AAA Municipal Market Data ("MMD") During the Past Five Years



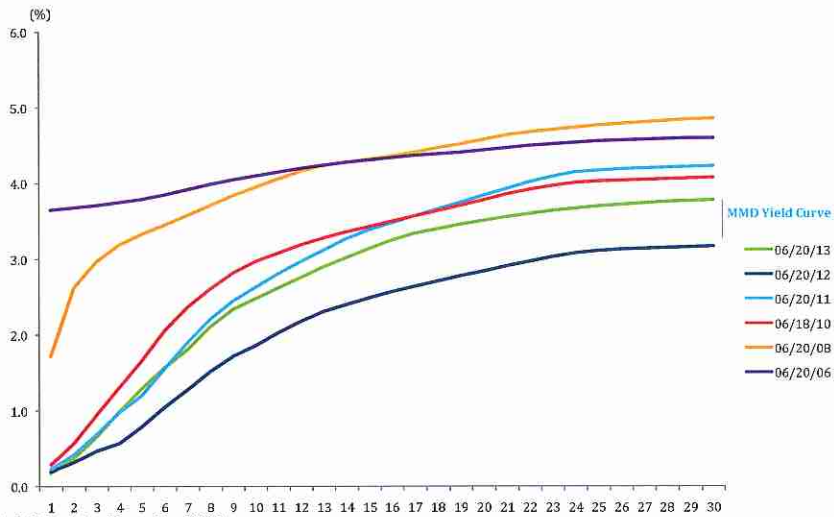
Note: Reflects market conditions as of June 20, 2013  
Source: Thomson Financial

William Blair

1

## Municipal Yield Curve Comparison

AAA MMD Curves During the Past Seven Years

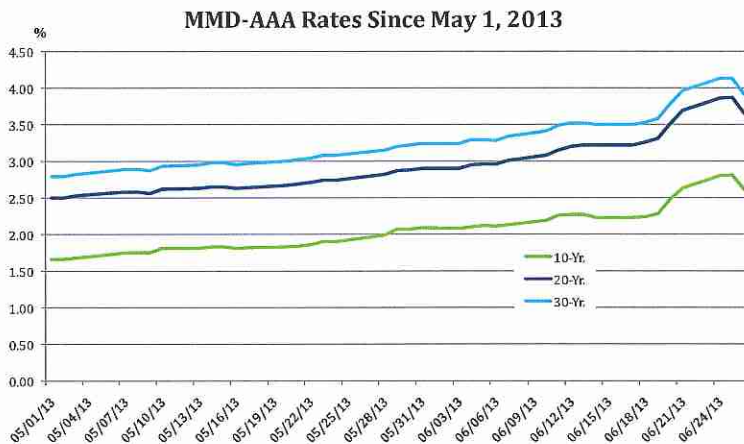


Note: Reflects market conditions as of June 20, 2013  
Source: Thomson Financial

William Blair

2

### MMD-AAA Rate Slide Since May 1, 2013



William Blair

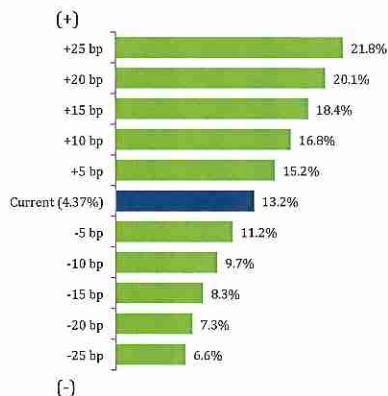
3

### Municipal G.O. Interest Rates at Historical Lows

Historical BBI-20 Index<sup>1</sup>



Percentage of Time BBI-20 Has Been At or Below Specified Level Since 1980



[1] Reflects market conditions as of June 26, 2013, the 20-year Bond-Buyer Index (BBI-20) is based on the average yields of 20-year bonds issued by 20 different general obligation bond issuers; these issuers are all rated Aa2 by Moody's  
Source: Bloomberg Information Systems

William Blair

4

# Outstanding Bonds and Financing Options

*William Blair*

## Outstanding Bonds

		December 1, 2008				November 1, 2001			
		G.O. REFUNDING SCHOOL BONDS				G.O. SCHOOL BONDS			
		2008				2001			
		\$2,555,000				\$17,065,000			
		NON-CALLABLE				NON-CALLABLE			
		December 1,				December 1,			
		Amount	Coupon	Interest	Debt Service	Amount	Coupon	Interest	Debt Service
		AA				Aaa FSA Insured (A1 Underlying)			
<b>Credit Ratings (Moody/S&amp;P/Fitch)</b>									
<b>Fiscal Year Ending June 30,</b>									
	2013	305,000	4.000%	65,100	370,100	1,855,000	5.500%	562,788	2,417,788
	2014	315,000	4.000%	52,700	367,700	1,960,000	5.500%	457,875	2,417,875
	2015	370,000	4.000%	39,000	409,000	2,320,000	5.500%	340,175	2,660,175
	2016	385,000	4.000%	23,900	408,900	2,445,000	5.500%	209,138	2,654,138
	2017	405,000	4.000%	8,100	413,100	2,580,000	5.500%	70,950	2,650,950
	<b>Total</b>	<b>1,780,000</b>		<b>188,800</b>	<b>1,968,800</b>	<b>11,160,000</b>		<b>1,640,925</b>	<b>12,800,925</b>
<b>Callable</b>		\$0				\$0			
<b>Non-Callable</b>		\$1,780,000				\$11,160,000			
<b>Total Outstanding</b>		<b>\$1,780,000</b>				<b>\$11,160,000</b>			
<b>Purpose/ Notes</b>		<b>REFUNDING OF SERIES 1997 BONDS</b>				<b>REFUNDING OF SERIES 1997 BONDS</b>			
<b>Underwriter</b>		William Blair & Company				William Blair & Company			
<b>Bond Counsel</b>		Chapman and Cutler				Chapman and Cutler			

*William Blair*



## Non-Referendum Limited Bonds

- The District can issue bonds without a referendum to fund this plan, if the debt service payments fit within the District's Debt Service Extension Base. This amount *increases* with CPI annually.
- The types of limited bonds the District can issue include:

Working Cash Fund Bonds	Life Safety Bonds	Funding Bonds
<ul style="list-style-type: none"> <li>✓ Can be used either for capital or operating; requires a petition period and public hearing</li> </ul>	<ul style="list-style-type: none"> <li>✓ Proceeds must be used for life safety projects only which are approved by the State and Regional Superintendent of Schools; requires public hearing</li> </ul>	<ul style="list-style-type: none"> <li>✓ Can be used to refund debt obligations of the District such as lease or debt certificates; requires petition period and public hearing</li> </ul>

*William Blair*

6

## Proposed Projects

- The District is considering several capital projects at Field School for summer of 2014 estimated to cost \$8.2M.
- The District can issue limited tax working cash or life safety bonds for these projects.
- The following options assume the bonds are sold in March of 2014 and uses today's interest rates for "Aa" rated bond issues.
- In order to keep the debt payments and tax rate stable, a small amount of outstanding bonds are restructured.

*William Blair*

7

### Outstanding Debt Service

Calendar Year	Levy Year	Equalized Assessed Valuation	% Change	Debt Service Extension Base (1994 Levy)	CPI % Increase in DSEB	Remaining Debt Base Available	Outstanding Referendum Debt Service	Total Tax Rate
2012	2011	1,843,115,448	-8.6%	1,836,201	1.5%		2,845,000	0.15
2013	2012	1,705,216,205	-7.5%	1,891,287	3.0%	1,891,287	2,845,775	0.17
2014	2013	1,705,216,205	0.0%	1,923,439	1.7%	1,923,439	3,140,375	0.18
2015	2014	1,705,216,205	0.0%	1,952,291	1.5%	1,952,291	3,137,975	0.18
2016	2015	1,705,216,205	0.0%	1,981,575	1.5%	1,981,575	3,143,100	0.18
2017	2016	1,739,320,529	2.0%	2,011,299	1.5%	2,011,299		
2018	2017	1,739,320,529	0.0%	2,041,468	1.5%	2,041,468		
2019	2018	1,739,320,529	0.0%	2,072,090	1.5%	2,072,090		
2020	2019	1,774,106,940	2.0%	2,103,172	1.5%	2,103,172		
2021	2020	1,774,106,940	0.0%	2,134,719	1.5%	2,134,719		
2022	2021	1,774,106,940	0.0%	2,166,740	1.5%	2,166,740		
2023	2022	1,809,589,078	2.0%	2,199,241	1.5%	2,199,241		
2024	2023	1,809,589,078	0.0%	2,232,230	1.5%	2,232,230		
2025	2024	1,809,589,078	0.0%	2,265,713	1.5%	2,265,713		
2026	2025	1,845,780,860	2.0%	2,299,699	1.5%	2,299,699		
2027	2026	1,845,780,860	0.0%	2,334,194	1.5%	2,334,194		
2028	2027	1,845,780,860	0.0%	2,369,207	1.5%	2,369,207		
2029	2028	1,882,696,477	2.0%	2,404,745	1.5%	2,404,745		
2030	2029	1,882,696,477	0.0%	2,440,817	1.5%	2,440,817		
<b>Total</b>							<b>\$12,267,225</b>	

William Blair

### Proposed \$8.2M Limited Tax Working Cash Fund Bonds- No Tax Increase

Bond Year	Tax Year	Equalized Assessed Valuation	% Change	Debt Service Extension Base (1994 Levy)	CPI % Increase in DSEB	Referendum Outstanding Debt Service	Current Tax Rate for Debt Service	Less: Restructured Referendum Series 2001 Debt Service	Proposed \$8.2M Plus Restructuring Series 2014 Debt Service	Remaining Debt Base Available	Proposed Total Debt Service	Proposed Tax Rate
2012	2011	1,843,115,448	-8.6%	1,836,201	1.5%	2,845,000	0.15			1,836,201	2,845,000	0.15
2013	2012	1,705,216,205	-7.5%	1,891,287	3.0%	2,845,775	0.17			1,891,287	2,845,775	0.17
2014	2013	1,705,216,205	0.0%	1,923,439	1.7%	3,140,375	0.18	(343,725)	238,721	1,440,993	3,135,371	0.18
2015	2014	1,705,216,205	0.0%	1,952,291	1.5%	3,137,975	0.18	(322,725)	318,295	1,311,271	3,133,545	0.18
2016	2015	1,705,216,205	0.0%	1,981,575	1.5%	3,143,100	0.18	(321,775)	318,295	1,341,506	3,139,620	0.18
2017	2016	1,739,320,529	2.0%	2,011,299	1.5%			0	2,008,295	3,004	2,008,295	0.12
2018	2017	1,739,320,529	0.0%	2,041,468	1.5%				2,036,600	4,868	2,036,600	0.12
2019	2018	1,739,320,529	0.0%	2,072,090	1.5%				2,071,000	1,090	2,071,000	0.12
2020	2019	1,774,106,940	2.0%	2,103,172	1.5%				2,101,200	1,972	2,101,200	0.12
2021	2020	1,774,106,940	0.0%	2,134,719	1.5%				1,227,200	907,519	1,227,200	0.07
2022	2021	1,774,106,940	0.0%	2,166,740	1.5%					2,166,740	0	0.00
2023	2022	1,827,330,148	3.0%	2,199,241	1.5%					2,199,241	0	0.00
2024	2023	1,827,330,148	0.0%	2,232,230	1.5%					2,232,230	0	0.00
2025	2024	1,827,330,148	0.0%	2,265,713	1.5%					2,265,713	0	0.00
2026	2025	1,882,150,052	3.0%	2,299,699	1.5%					2,299,699	0	0.00
2027	2026	1,882,150,052	0.0%	2,334,194	1.5%					2,334,194	0	0.00
2028	2027	1,882,150,052	0.0%	2,369,207	1.5%					2,369,207	0	0.00
2029	2028	1,938,614,554	3.0%	2,404,745	1.5%					2,404,745	0	0.00
2030	2029	1,938,614,554	0.0%	2,440,817	1.5%					2,440,817	0	0.00
2031	2030	1,938,614,554	0.0%	2,477,429	1.5%					2,477,429	0	0.00
<b>Total</b>						<b>\$12,267,225</b>		<b>(\$588,225)</b>	<b>\$10,319,604</b>		<b>\$21,698,604</b>	

All-in TIC: 2.458%

(1) \$400,000 market value home is multiplied by residential assessment (10%) times the multiplier of 2.97 less 6,000 minimum homeowner deduction, times the rate increase per \$100 of equalized assessed valuation.

William Blair

## \$25M Maximum Over 20 Years-No Tax Increase

Bond Year	Tax Year	Equalized Assessed Valuation	% Change	Debt Service Extension Base (1994 Levy)	CEI % Increase In DSEB	Referendum Outstanding Debt Service	Current Tax Rate for Debt Service	Less: Restructuring Referendum Series 2014 Debt Service	Proposed \$25M Plus Restructured Series 2014 Debt Service	Remaining Debt Base Available	Proposed Total Debt Service	Total Tax Rate	Impact on \$400,000 Mkt Value Home(1)
2012	2011	1,843,115,448	-8.0%	1,836,201	1.5%	2,845,000	0.15			1,896,201	2,845,000	0.15	\$174.12
2013	2012	1,705,216,205	-7.5%	1,891,287	3.0%	2,845,775	0.17			1,891,287	2,845,775	0.17	\$188.25
2014	2013	1,705,216,205	0.0%	1,923,439	1.7%	3,140,375	0.18	(835,700)	\$30,833	1,928,307	3,135,508	0.18	\$207.41
2015	2014	1,705,216,205	0.0%	1,952,291	1.5%	3,137,975	0.18	(1,113,025)	1,107,777	1,957,539	3,132,727	0.18	\$207.23
2016	2015	1,705,216,205	0.0%	1,981,575	1.5%	3,143,100	0.18	(1,113,025)	1,107,777	1,986,823	3,137,852	0.18	\$207.57
2017	2016	1,739,320,529	2.0%	2,011,299	1.5%				2,007,777	3,522	2,007,777	0.12	\$130.21
2018	2017	1,739,320,529	0.0%	2,041,468	1.5%				2,040,767	701	2,040,767	0.12	\$132.35
2019	2018	1,739,320,529	0.0%	2,072,090	1.5%				2,069,582	2,508	2,069,582	0.12	\$134.22
2020	2019	1,774,106,940	2.0%	2,103,172	1.5%				2,100,782	2,390	2,100,782	0.12	\$135.57
2021	2020	1,774,106,940	0.0%	2,134,719	1.5%				2,132,050	2,669	2,132,050	0.12	\$135.56
2022	2021	1,774,106,940	0.0%	2,166,740	1.5%				2,162,050	4,690	2,162,050	0.12	\$137.47
2023	2022	1,827,330,148	3.0%	2,199,241	1.5%				2,199,050	1,911	2,199,050	0.12	\$135.75
2024	2023	1,827,330,148	0.0%	2,232,230	1.5%				2,227,650	4,580	2,227,650	0.12	\$137.51
2025	2024	1,827,330,148	0.0%	2,265,713	1.5%				2,263,050	2,663	2,263,050	0.12	\$139.70
2026	2025	1,882,150,052	3.0%	2,299,699	1.5%				2,294,850	4,849	2,294,850	0.12	\$137.53
2027	2026	1,882,150,052	0.0%	2,334,194	1.5%				2,333,050	1,144	2,333,050	0.12	\$139.82
2028	2027	1,882,150,052	0.0%	2,369,207	1.5%				2,367,250	1,957	2,367,250	0.13	\$141.87
2029	2028	1,938,614,554	3.0%	2,404,745	1.5%				2,400,000	4,745	2,400,000	0.12	\$139.65
2030	2029	1,938,614,554	0.0%	2,440,817	1.5%				2,436,750	4,067	2,436,750	0.13	\$141.78
2031	2030	1,938,614,554	0.0%	2,477,429	1.5%				2,477,000	429	2,477,000	0.13	\$144.13
2032	2031	1,996,772,990	3.0%	2,514,590	1.5%				2,510,250	4,340	2,510,250	0.13	\$141.81
2033	2032	1,996,772,990	0.0%	2,552,309	1.5%				2,551,500	809	2,551,500	0.13	\$144.14
<b>Total</b>						\$12,267,225		(\$3,061,750)	\$41,619,795		\$50,825,270		

All-In TIC: 3.735%

(1) \$400,000 market value home is multiplied by residential assessment (10%) times the multiplier of 2.97 less 6,000 minimum homeowner deduction, times the rate increase per \$100 of equalized assessed valuation.

*William Blair*

## Rating Comparisons

*William Blair*

## Moody's Ratios for "Aaa" Rated School Districts

	Glenview D34	Wilmette D39	Park Ridge Niles D64	Des Plaines D62	Arlington Heights D25	Moody's Median
Moody's Standard & Poor's	Aaa	Aaa	Aa2-Positive AA	AA+	Aaa	Aaa
Total GF Revenues	64,580,381	59,702,157	71,515,109	79,279,452	62,520,383	
GF Balance as % of Revenues	49.69%	51.34%	50.78%	111.84%	85.37%	32.40%
Direct Debt	16,430,000	14,900,000	10,780,000	103,851,323	5,120,000	
Direct Debt as % of Full Value	0.28%	0.28%	0.19%	1.77%	0.09%	0.60%
Direct Debt Per Capita	\$410	\$570	\$268	\$2,000	\$102	\$582
All Debt-Direct and Overlapping	176,564,436	197,217,952	145,836,824	215,991,480	146,704,033	
Debt Burden (Direct and Overlapping as % of FV)	3.05%	3.73%	2.64%	3.71%	2.57%	2.30%

Source: FY 2012 Audit

William Blair

11

## Rating Definitions

STANDARD MOODY'S & POORS			BOND CREDIT RATING CATEGORY COMMENTS
Investment Grade	Aaa	AAA	Extremely strong capacity to meet financial obligations
	Aa1	AA+	Very strong capacity to meet obligations
	Aa2	AA	
	Aa3	AA -	
	A1	A+	Strong financial capacity but susceptible to adversity
	A2	A	
	A3	A -	
	Baa1	BBB+	Adequate financial capacity but adverse conditions will lead to weakness
	Baa2	BBB	
Baa3	BBB -		
Non-Investment Grade	Ba1	BB+	More prone to changes in the economy
	Ba2	BB	
	Ba3	BB -	
	B1	B+	Significant speculative characteristics
	B2	B	
	B3	B -	
	Caa1	CCC+	Bonds that are of poor standing and currently vulnerable to poor economic conditions
	Caa2	CCC	
	Caa3	CCC -	
	Ca1	CC+	Highly speculative bonds and highly vulnerable
	Ca2	CC	
	Ca3	CC -	
	C1	C+	The lowest rated class of bonds and perhaps in bankruptcy or in arrears
	C2	C	
	C3	C -	
	D	Default	

William Blair

12

## Notice and Disclaimer

**William Blair & Company**  
222 West Adams  
Chicago, Illinois 60606  
www.williamblair.com

**Contact Information:**

**Elizabeth M. Hennessy**  
Partner  
ehennessy@williamblair.com  
Phone: (312) 364-8955  
Fax: (312) 236-0174

The accompanying information was obtained from sources which William Blair & Company, L.L.C. believes to be reliable but does not guarantee its accuracy and completeness.

The material has been prepared solely for informational purposes and is not a solicitation of an offer to buy or sell any security or instrument or to participate in any trading strategy. Historical data is not an indication of future results.

The opinions expressed are our own unless otherwise stated.

Per Rule G-23 we are providing the information contained in this proposal for discussion purposes in anticipation of serving as an underwriter. In our capacity as underwriter, our primary role will be to purchase the Bonds as a principal in a commercial, arms' length transaction and we will have financial and other interests that differ from yours. We will not be acting as a municipal advisor, financial advisor or fiduciary.

Additional information is available upon request.

*William Blair*

13