Oak Park Elementary School District 97

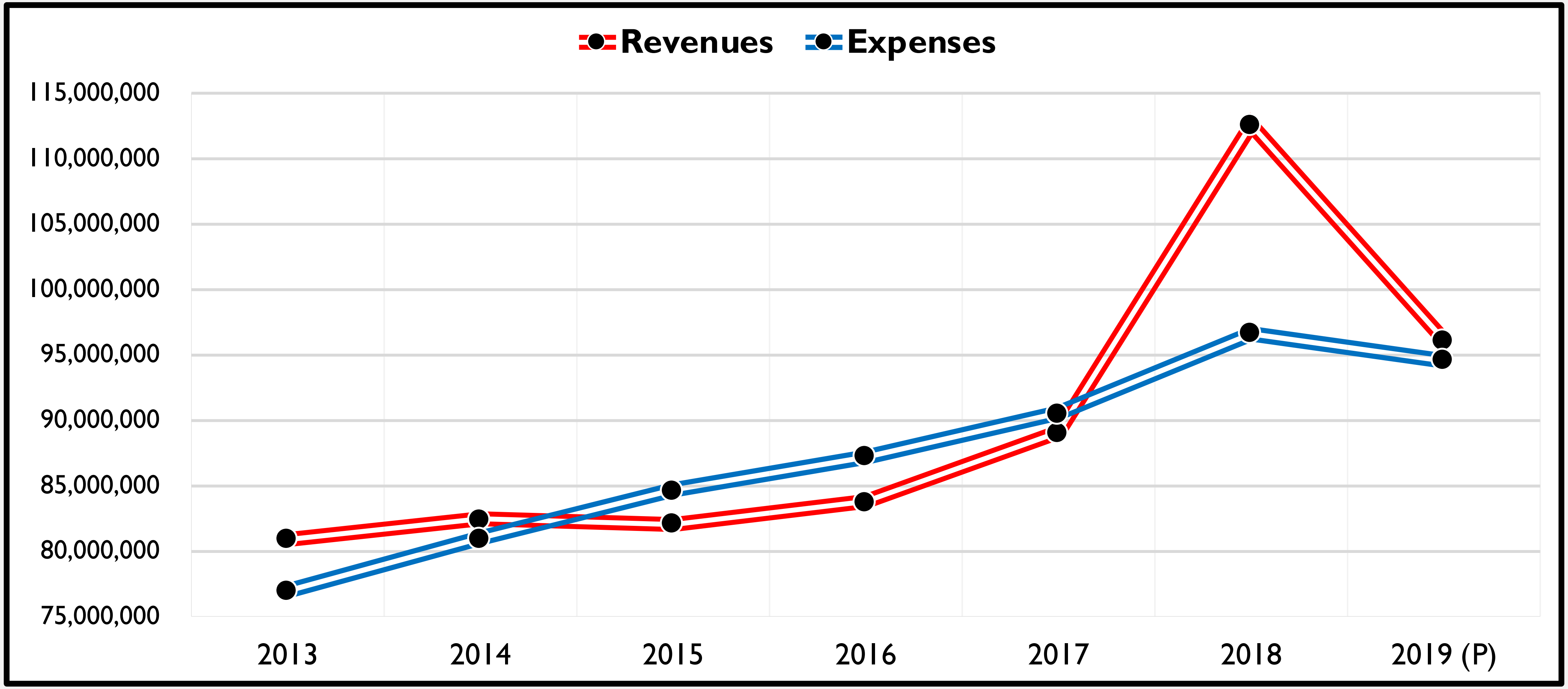
Financial Forecast
and
Major Decisions That Will Impact Financial Condition

October 2019

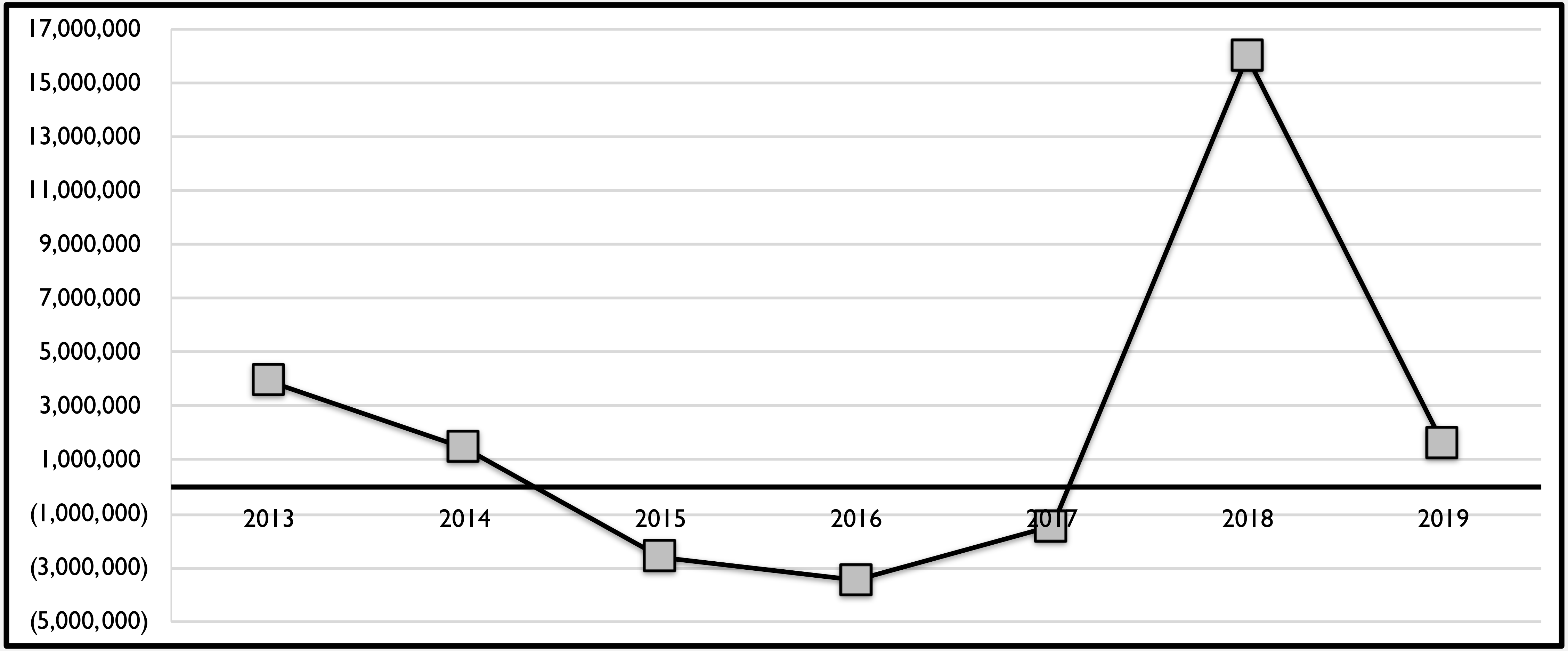
Historical Financial Summary

Revenue and Expense History

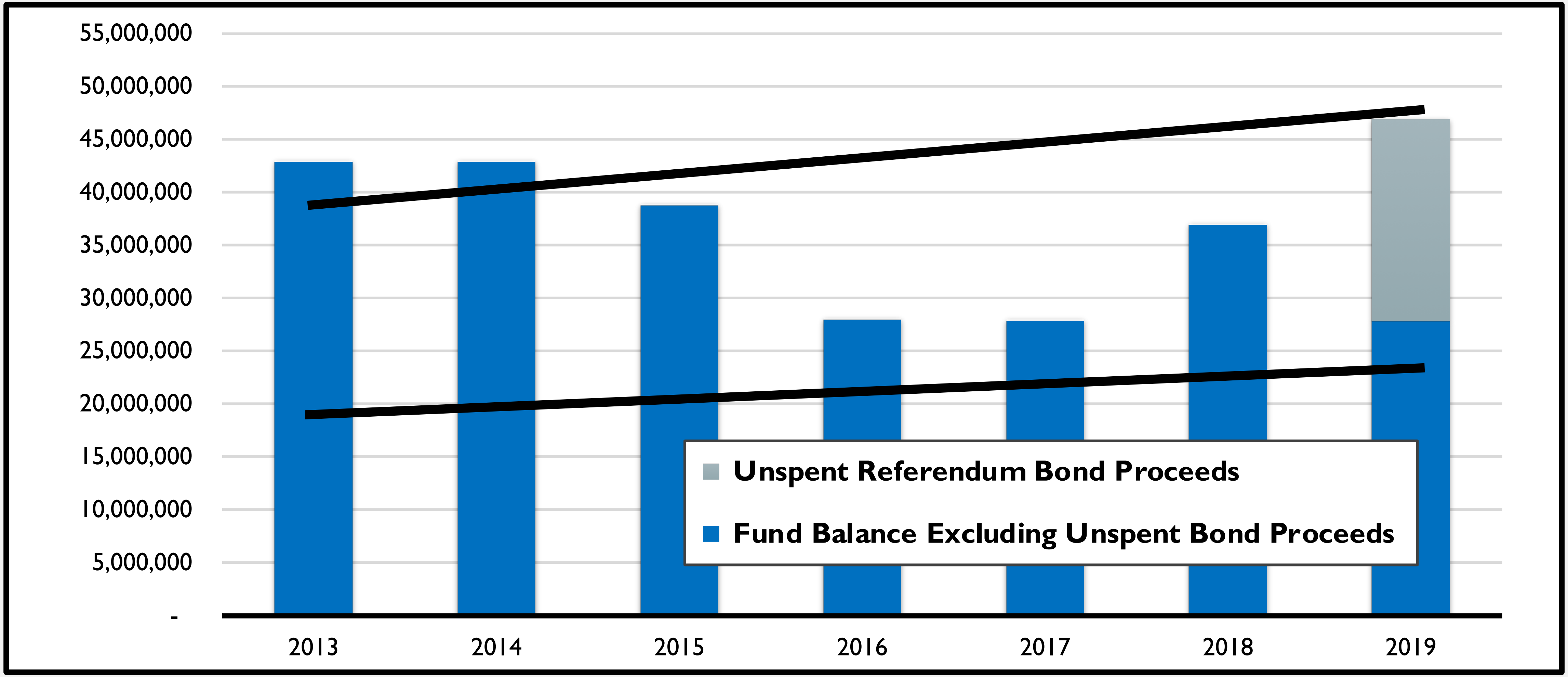
All Funds – Excluding Bond Proceeds and Major Capital



Historical Revenues vs. Expenses
(Surplus/Deficits)
All Funds – Excluding Bond Proceeds and Major Capital



Fund Balance History



The black lines reflect targeted fund balance reserves of 3-6 months pursuant to board policy. Note: Non-referendum bond fund balances dropped in FY19 due to fact that the district used $10.6 million in fund balance reserves to pay for major capital expenses primarily at Holmes.

Major Assumptions Used For Projections

Major Assumptions
Revenues and Other Sources

- The 2019 tax levy will capture all available taxes from expiring TIF ($5.2 million)
- The District will not abate its bond and interest fund tax levy
- The District will increase its tax levy by CPI annually, which is projected at 2%.
- The District is projecting $8 million in annual new taxable property growth. This will generate approximately $360,000 annually in tax receipts above CPI Increases
- The bond levy will decrease in 2020 due to the expiration of the series 2016 bonds
- The District is projecting to receive 98% of its taxes extended on an annual basis
- The District will receive one final TIF surplus payment of $2 million in FY 2020.
- State and Federal revenues will remain relatively flat versus FY 2019.
- The District will issue $27.5 million in referendum bonds in FY 2020.
- The District will not issue any additional debt during the projection period.

Major Assumptions
Expenditures

- The collective bargaining agreement for the Oak Park Teachers' Association will increase 3.3% in FY 2021, 3.2% in FY 2022, and is projected to increase 3% annually thereafter.
- After the increase in staff size of 19 in FY 2020, total staff size is projected to remain constant.
- The District will save approximately $180,000 annually from retired staff being replaced by lower paid staff.
- All other salaries will increase 2.5% annually after existing contracts expire.
- Employee medical benefits are projected to increase at industry trend averages of 6% annually.
- Transportation expenses are projected to increase 4% annually due to industry-wide cost pressures primarily due to bus driver shortages.
- The District is projected to maintain all other expenses at the projected rate of inflation of 2%.
- The District's debt expenses will decrease by $1.4 million beginning in FY 2022 due to the expiration of the Series 2016 bonds.
- The District will collectively spend approximately $2 million annually on Building maintenance and repairs and technology purchases.
- Major capital projects will be addressed pursuant to the facilities plan.

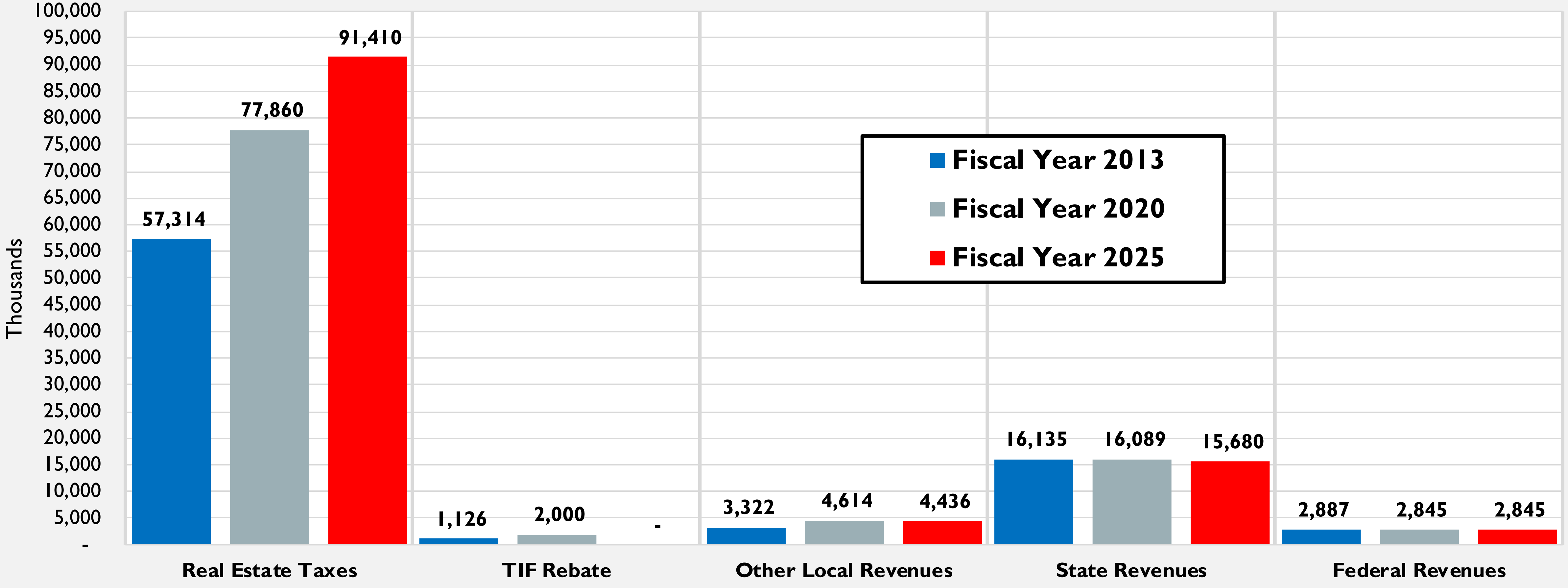
Financial Projections
FY 2020 – FY 2025

Historical and Projected Revenue Growth
Fiscal Year 2025 vs. Fiscal Year 2020 vs. Fiscal Year 2013

	Average % Growth FY20 vs. FY13	Projected Average % Growth FY25 vs. FY20
Real Estate Taxes	4.5%	3.3%
TIF Rebate	8.5%	-100.0%
Other Local Revenues	4.2%	0.0%
State Revenues	0.0%	0.0%
Federal Revenues	0.0%	0.0%
Total Revenues	3.5%	2.0%

Historical and Projected Revenue Growth

Fiscal Year 2025 vs. Fiscal Year 2020 vs. Fiscal Year 2013



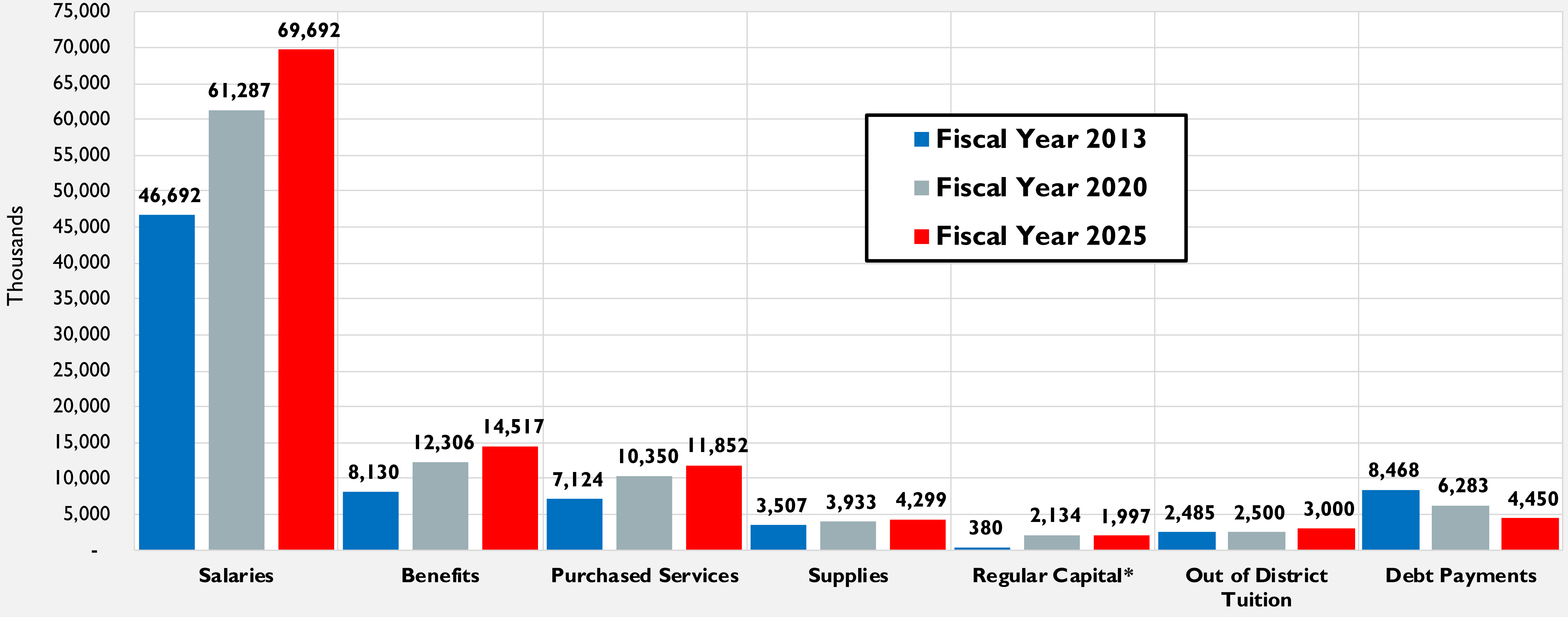
Historical and Projected Expense Growth

Fiscal Year 2025 vs. Fiscal Year 2020 vs. Fiscal Year 2013

	Average % Growth FY20 vs. FY13	Projected Average % Growth FY25 vs. FY20
Salaries	4.0%	2.6%
Employee Benefits	6.1%	3.5%
Purchased Services	5.5%	2.7%
Supplies	1.7%	1.7%
Regular Capital	28.0%	0.0%
Out of District Tuition	0.1%	3.7%
Debt Payments	-4.0%	-6.5%
Total Expenses	3.6%	2.1%

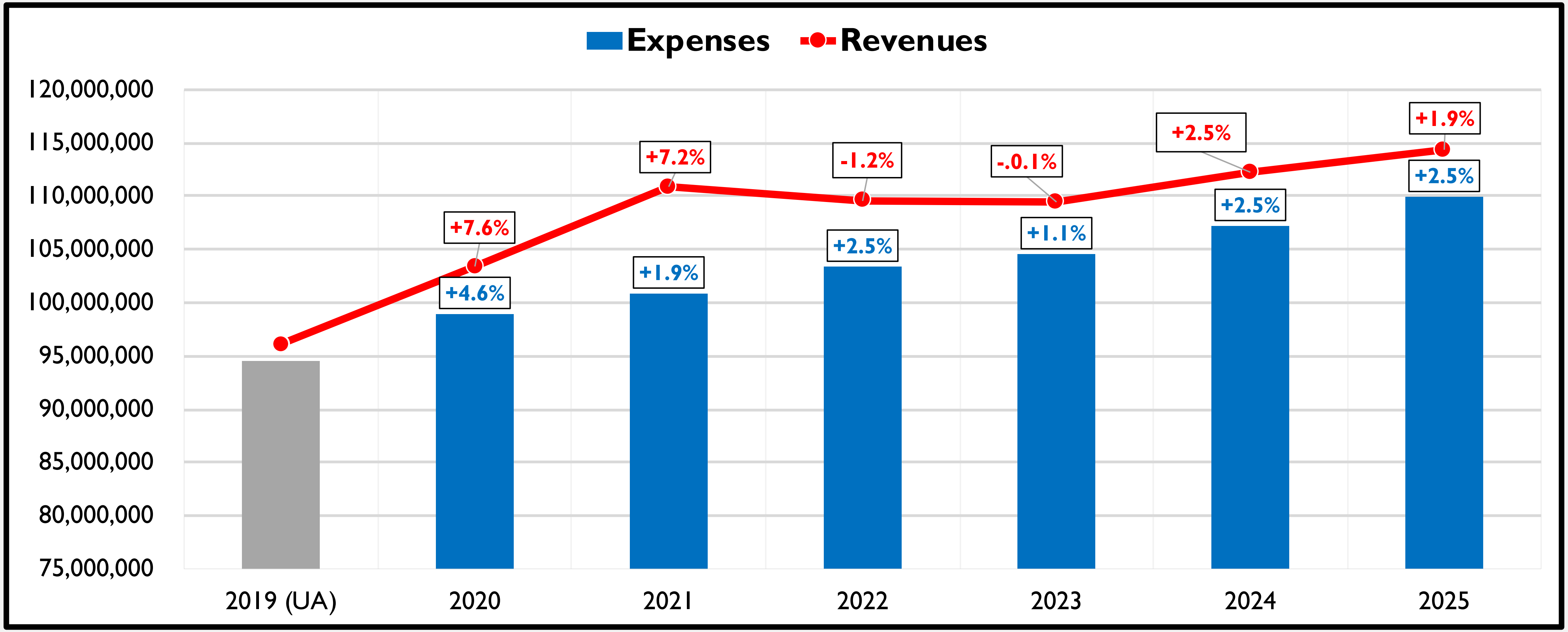
Historical and Projected Expense Growth

Fiscal Year 2025 vs. Fiscal Year 2020 vs. Fiscal Year 2013



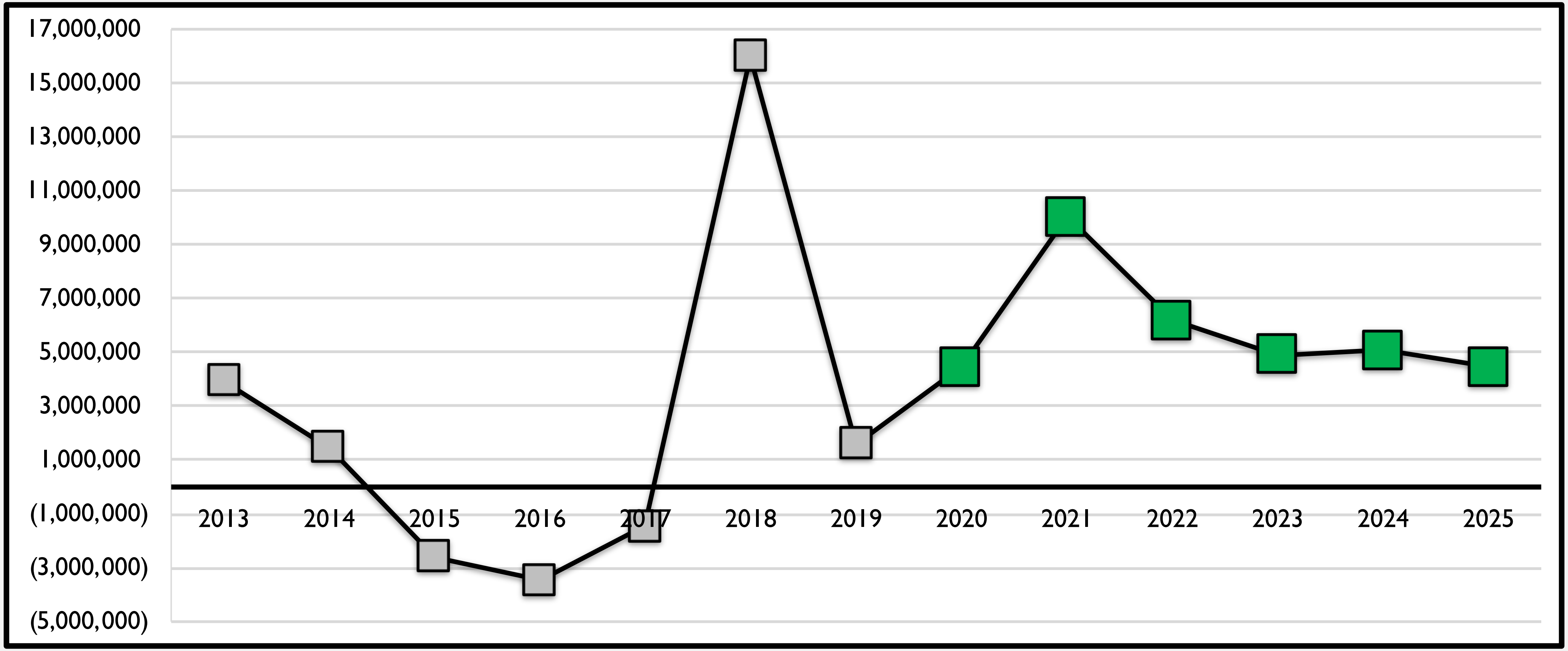
Projected Revenues and Expenses

All Funds – Excluding Bond Proceeds and Major Capital



- The anticipated decrease in annual debt expenses and subsequent taxes are primary reason for the growth decline in FY23
- **By FY2025, annual expense growth is projected to be 0.6% higher than revenue growth (2.5% vs. 1.9%)**

Projected Revenues vs. Expenses
(Surplus/Deficits)
All Funds – Excluding Bond Proceeds and Major Capital



Over the next six years, revenues are projected to exceed expenses by $35 million

Major Capital Expenses - Cash Flow

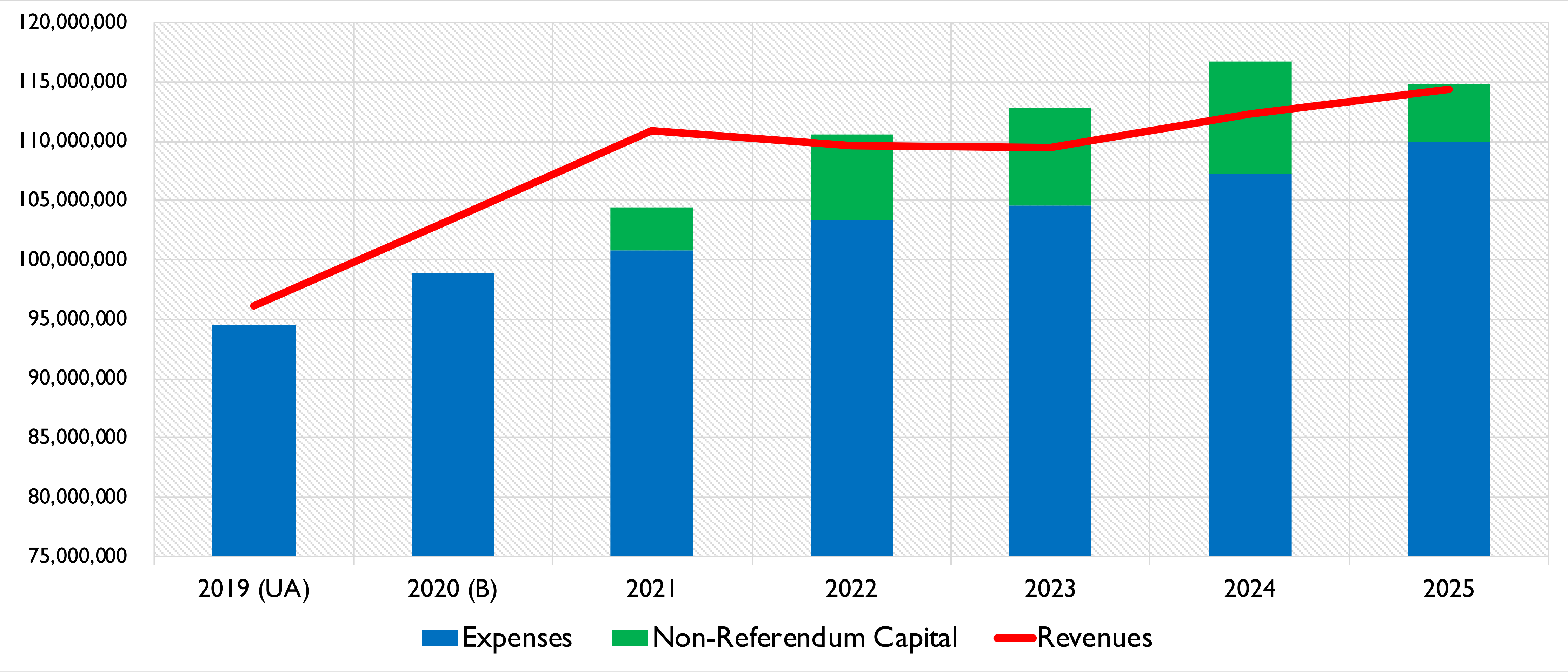
During the projection period (Summer 21–Summer 24), the District has an estimated $33.5 million in capital projects that will not be funded by referendum bonds

Building	Paid FY19	Paid FY20	Summer 2020	Summer 2021	Summer 2022	Summer 2023	Summer 2024	Total
Beye	-	-	-	8,349,000	-	1,487,000	-	9,836,000
Brooks	-	-	970,000	-	390,000	2,188,000	793,000	4,341,000
Hatch	38,000	34,000	3,832,000	-	258,000	-	453,000	4,615,000
Julian	-	2,000	2,135,000	-	1,044,000	1,202,000	74,000	4,457,000
Holmes	9,629,000	234,000	-	107,000	1,242,000	-	3,179,000	14,391,000
Irving	12,000	158,000	4,496,000	-	1,231,000	-	198,000	6,095,000
Lincoln	6,088,000	10,762,000	-	1,972,000	-	1,009,000	850,000	14,627,000
Longfellow	5,038,000	8,962,000	-	2,698,000	1,541,000	-	4,315,000	22,554,000
Mann	347,000	45,000	4,900,000	-	-	3,277,000	-	8,569,000
Whittier	1,000	2,000	-	4,418,000	1,709,000	-	-	6,130,000
Total	21,153,000	20,199,000	16,333,000	17,544,000	7,415,000	9,163,000	9,862,000	101,669,000

Projected figures include mark up for soft costs and escalation. "Paid FY20" figure equals expenses paid through August 15, 2019 plus $11.2 M. of remaining expenses for Lincoln and Longfellow. Figures in red are paid for with Phase 1 referendum bonds. Figures in blue are projected to be paid for with Phase 2 referendum bonds. Figures in green have been, or are projected to be paid for with fund balance reserves.

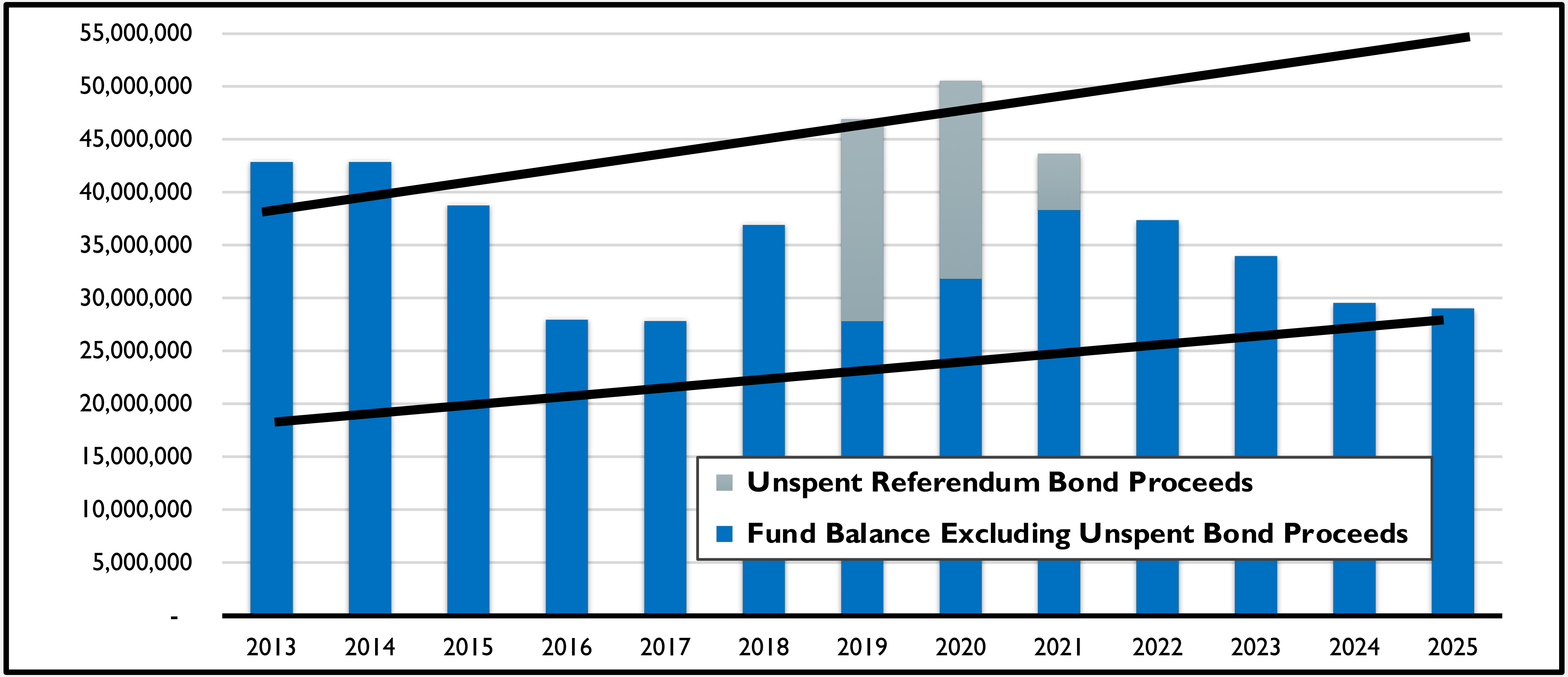
Projected Revenues and Expenses

All Funds – Including Non-Referendum Capital Expenses



Projected Fund Balances

Using Fund Balance Reserves to pay for Non-Referendum Capital Projects



Major Board Decisions That Will Impact Financial Condition

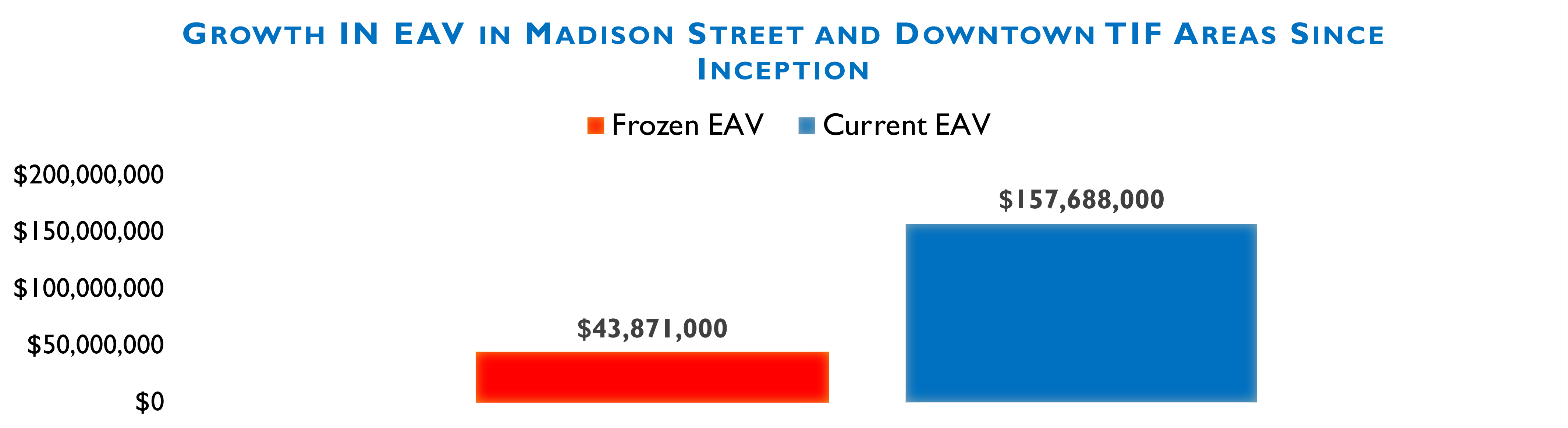
1. Adoption of December 2019 Tax Levy
2. Addressing and Funding of Major Non-Referendum Capital Projects

ADOPTION OF 2019 TAX LEVY

Major Issue to Consider in Deciding Tax Levy

Whether to Access Taxes Generated from Growth in Expiring TIF Property

Over the past 24-36 years, taxable property values in these TIF Districts increased $113 million. Tax revenues generated from this growth, never went directly to Oak Park Elementary School District 97



In tax year 2018, the $113 million incremental growth generated $14.4 million in property taxes, of which $5.1 million was generated from District 97's tax levy.

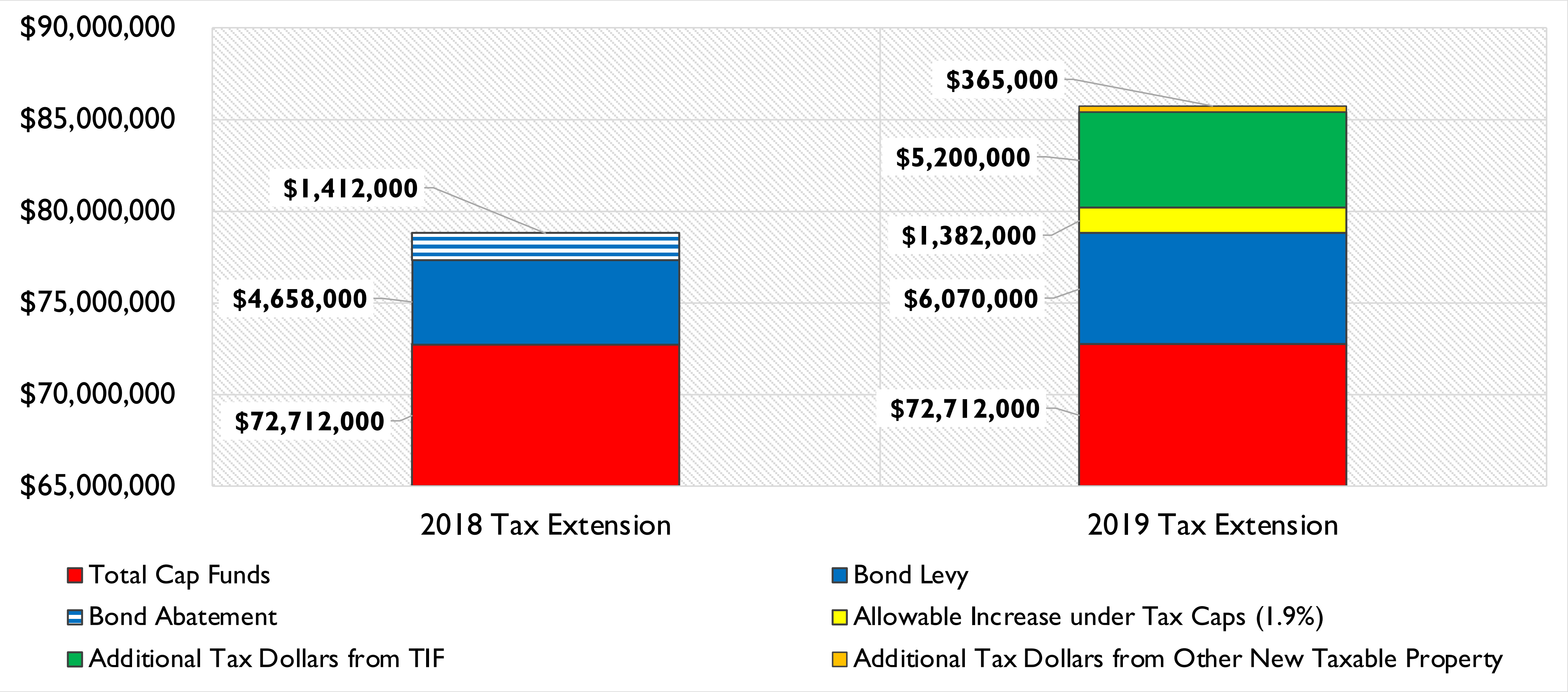
All taxes collected during this period went into the TIF fund managed by the Village rather than to the taxing bodies

Major Levy Decision

- Both TIF districts expire at the end of this year
- **Taxing bodies only have one opportunity to directly capture the tax revenues generated from the growth that occurred during the life of a TIF**
- That one opportunity occurs during this tax levy
- If the District captures the taxes (approximately $5.2 million), it preserves the opportunity to capture those revenues in future years
- If the District does not capture the tax revenues in this tax levy, that opportunity is forever lost

Estimated Maximum Allowable Growth in District's 2019 Tax Extension

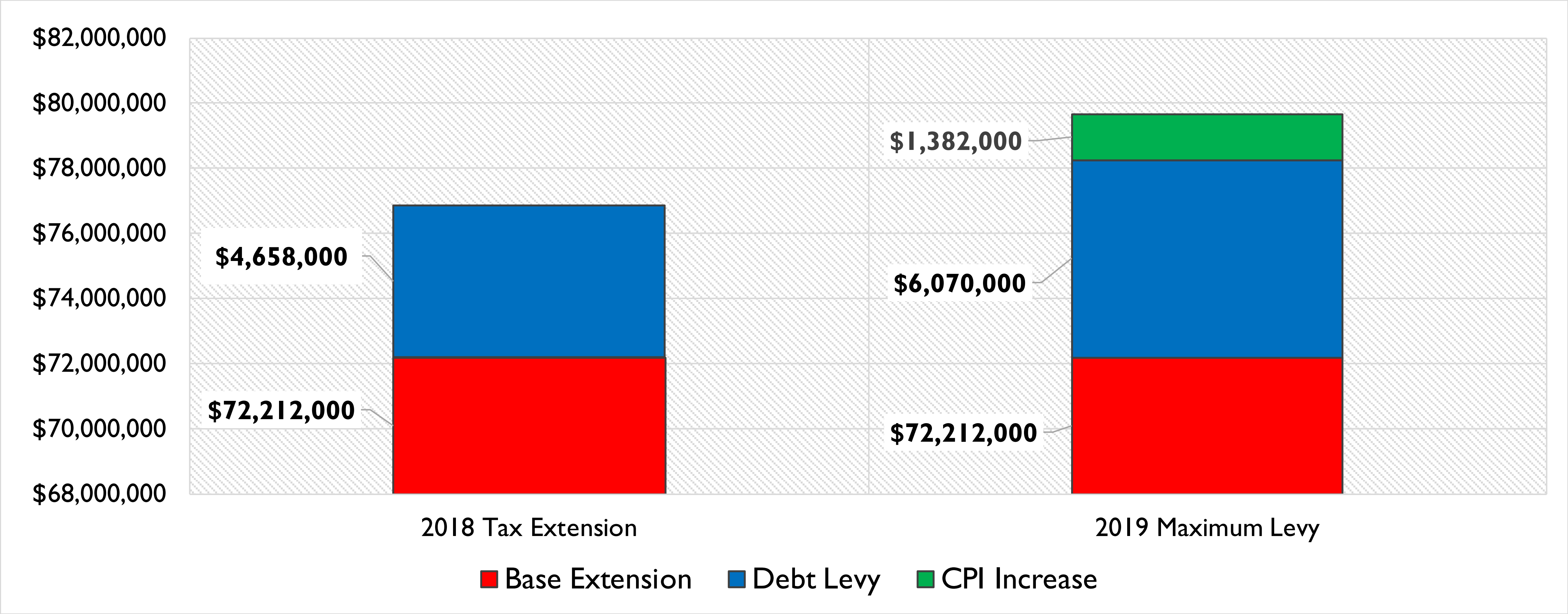
Final extension would generate an increase of approximately 8.8% in the District's tax extension versus the previous year



Maximum Tax Levy

Net Impact to **Taxpayers Outside of TIF Area**

Final extension (Excluding New tax dollars from TIF and New Property) would generate an increase of approximately 3.7% **to taxpayers outside of TIF and New Taxable Property Areas**



Factors to Consider in Making Levy Decision

- The decisions made concerning this 2019 tax levy will have a significant long-term impact on the school district. A decision to capture a large portion of the available tax levy will:
  - Significantly delay the need to have to go to referendum
  - Will allow the district to address more facility needs without issuing debt
- After the TIF expires, the District will no longer receive TIF surplus dollars, which have averaged $3 million over the past five years. Additional tax dollars will be needed to offset this loss in revenues in order to be revenue neutral
- There exists a realistic possibility that the General Assembly will freeze property tax revenue growth. Strong consideration must be given to maintaining a higher base tax level in anticipation of this possibility

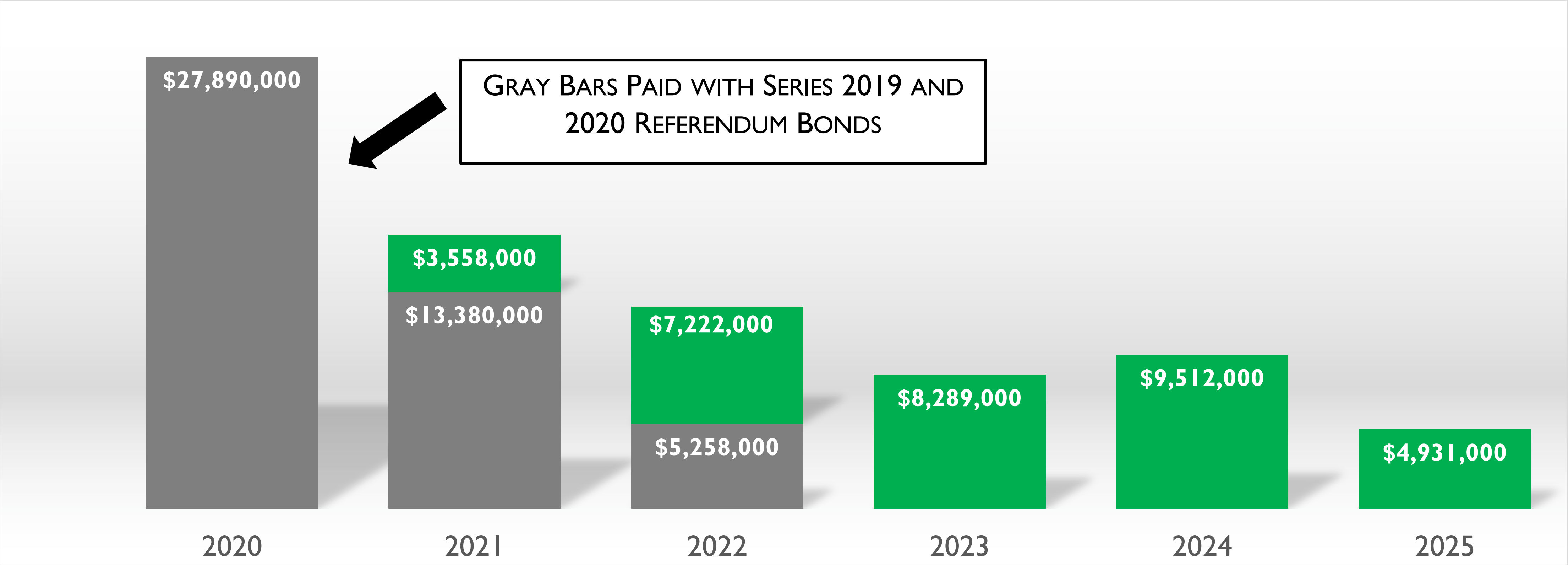
Addressing the Funding of Major Non-Referendum Capital Projects

How to Pay for Non-Referendum Capital Projects?

A. Non-Referendum Bonds
B. Fund Balance Reserves Generated from Surpluses

Estimated Annual Costs Associated with Facility Plan

The District has Identified $33.5 Million in Major Capital Project Needs over Next Five Years Beyond Those Projects Funded with Referendum Bonds

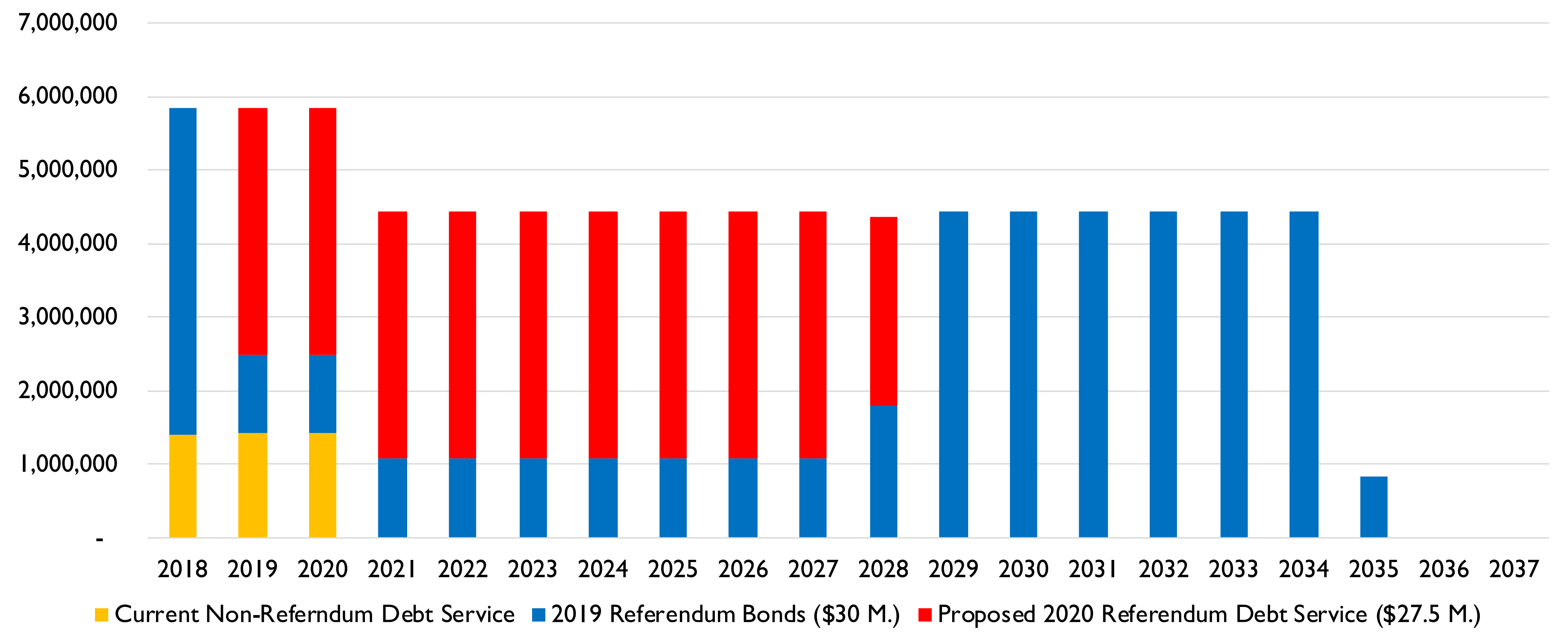


Green bars represent estimated cost of capital projects that must be funded with fund balance reserves or non-referendum bond proceeds

CURRENT DEBT SERVICE AND PROPOSED FINANCING PLAN

FUTURE TAX LEVIES TO PAY FOR DEBT

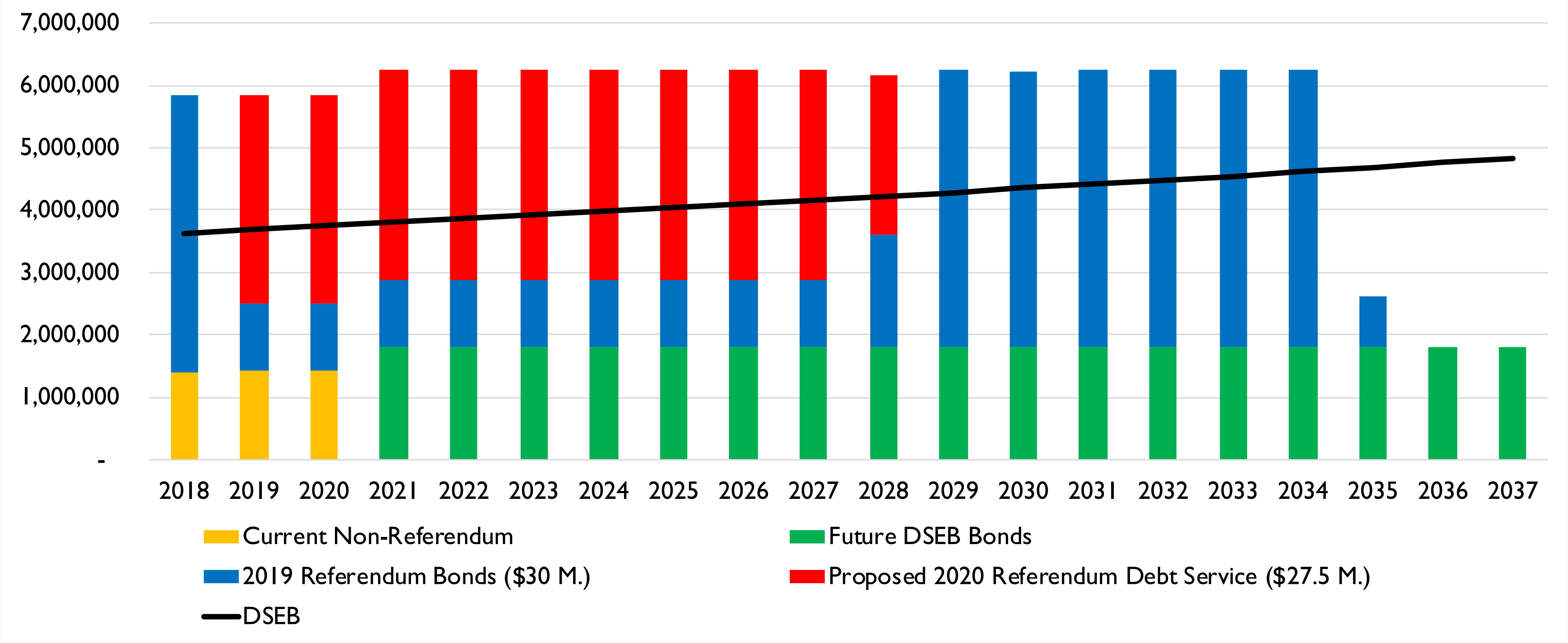
USING FUND BALANCES TO PAY FOR NON-REFERENDUM PROJECTS



Current Debt Service and Proposed Financing Plan

Future Tax Levies to Pay for Debt

Issuing Bonds to Pay for Non-Referendum Projects



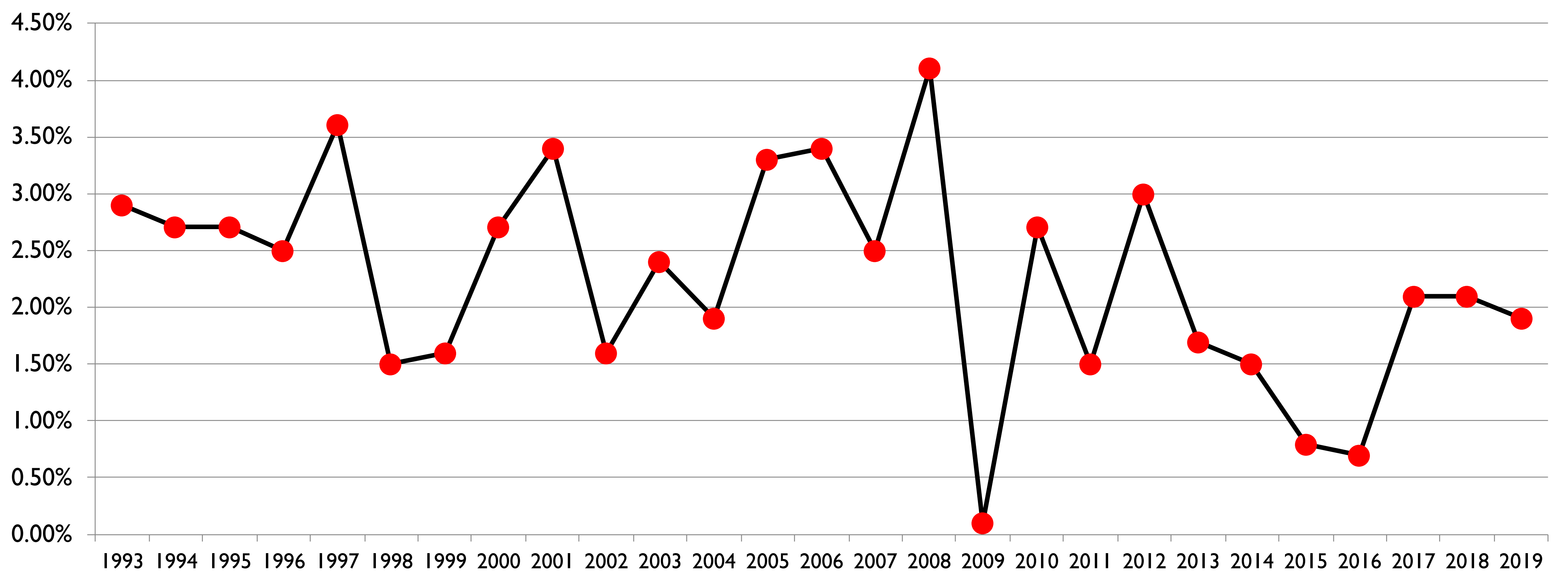
Black line represents projected debt service extension base ("DSEB") assuming 1.5% CPI. DSEB is the maximum annual tax extension in a given year to pay for <u>non-referendum</u> debt service payments due during that calendar year.

Issues Outside of District Control That Would Impact Financial Condition

1. Changes to Future Inflation Levels
2. Passage of Property Tax Freeze Legislation
3. Passage of Legislation Shifting Pension Costs to Schools

Historical Tax Cap History

Real Estate Tax Growth in School Districts in Tax-Capped Counties Limited by Rate of Inflation

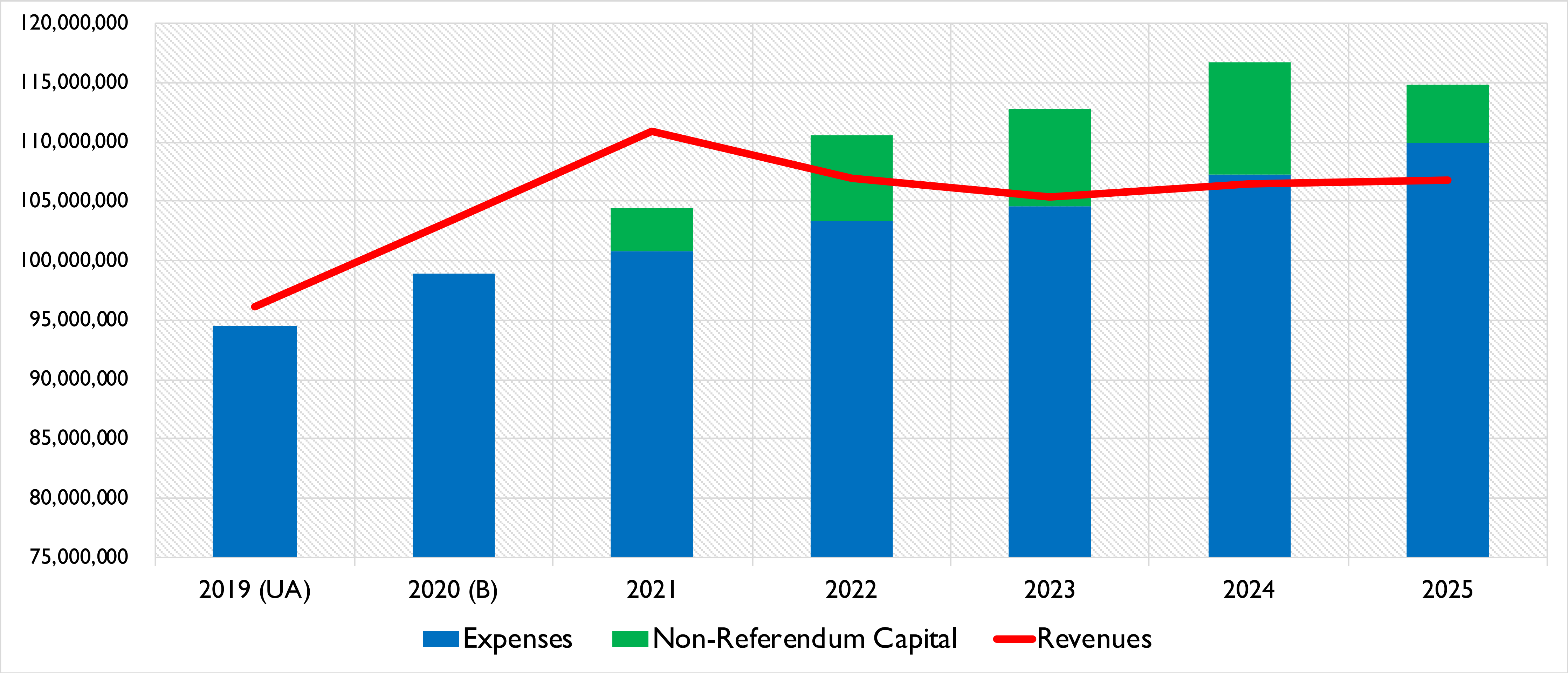


Each 1% of CPI translates into approximately $720,000 in annual revenues to the District. The current projections assumes future CPI at 2%. CPI is currently trending at 1.7% as of October 10, 2019.

Projected Revenues and Expenses

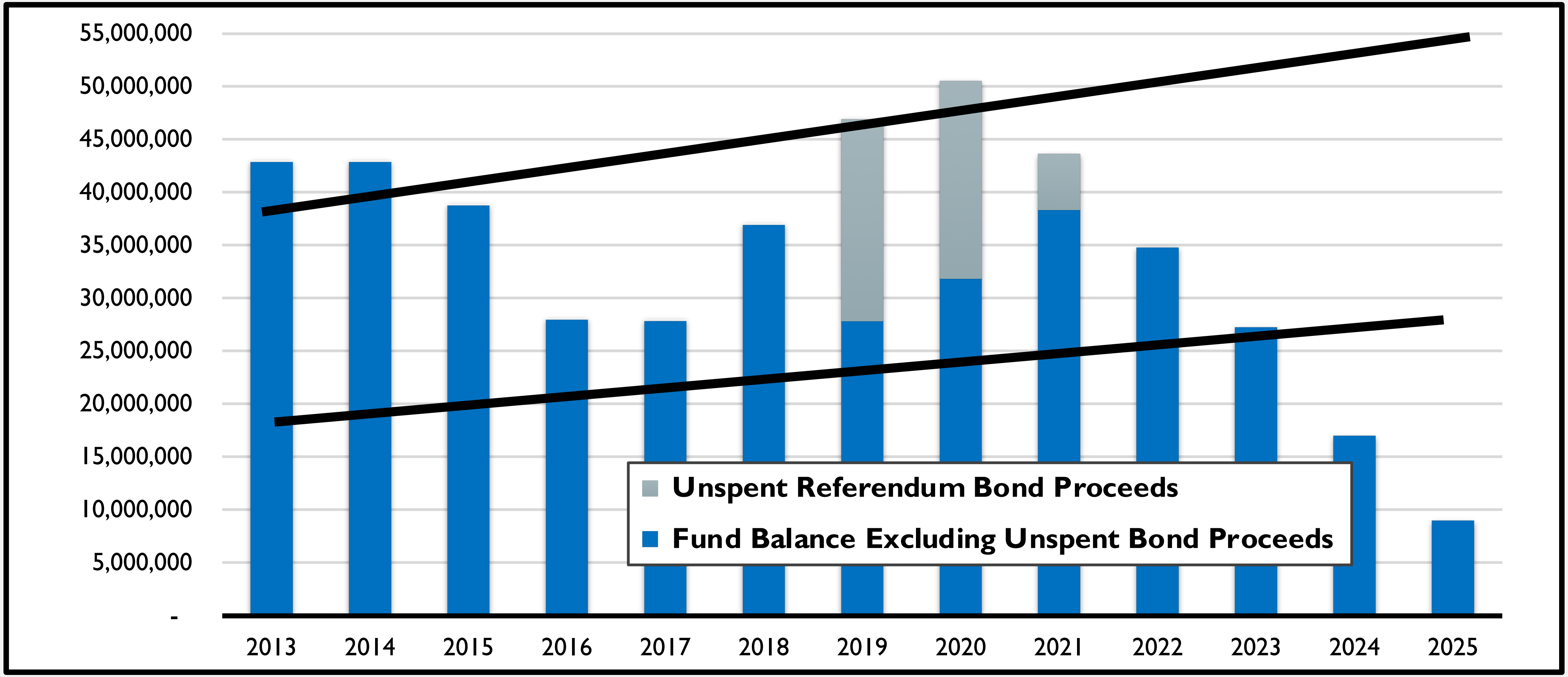
All Funds – Including Non-Referendum Capital Expenses

and Property Tax Freeze Beginning With 2020 Levy



Projected Fund Balances

Using Fund Balance Reserves to pay for Non-Referendum Capital Projects and Property Tax Freeze Beginning with 2020 Levy



Pension Shift

It is unlikely that pension shift legislation would impact the district during this projection period. If enacted, however, impact could result in annual expense increasing in excess of $4 million annually.

Key Takeaways

- The Decision made by the Board of Education regarding the 2019 tax Levy will be the most impactful fiscal decision affecting the District's long-term financial condition over the next many years
- The District has a path to achieving many years of balanced budgets which will require maximizing its 2019 tax levy and then tying expenditure grow to revenue growth
- The District has a path to addressing critical facility needs without issuing non-referendum bonds by maintaining structural surpluses (revenues over expenses)
- Legislative action such as a property tax freeze or a pension shift would dramatically alter the district's long-term fiscal stability

End of Presentation