

Pleasantdale Elementary School
8100 School Street
La Grange, IL 60525
708.246.4700 Fax: 708.246.4625



Pleasantdale Middle School
7450 S. Wolf Road
Burr Ridge, IL 60527
708.246.3210 Fax: 708.352.0092

Pleasantdale School District 107 | 7450 S. Wolf Road | Burr Ridge, IL 60527 | 708.784.2013 | Fax: 708.246.0161 | www.d107.org

The purpose of formulating a five-year financial projection is to predict what the district can expect in terms of revenues and expenditures, with the help of the assumptions made on potential costs, market size, prices, market conditions and so on. This process requires us to make predictions about the economic and financial status both locally and nationally. A five-year financial projection is a tool that the district can use to make decisions about expenditures and allows us to prioritize how we spend each dollar. Financial projections are essential for achieving long term goals. A sound and properly prepared financial projection helps the district stay on a successful path. It also helps to predict any pitfalls that we may be heading toward in the future. Sound projections help the district to correct a potential negative path before it is too late.

The District uses 5Cast for its financial projections. Revenue and expenses for FY2018 as well as data from the FY2019 Budget and FY2018 preliminary Annual Financial Report were uploaded to 5Cast. As with any sound financial projection, certain assumptions must be made regarding revenues and expenditures. The following assumptions were used for the 5-year financial projections:

Salary and Benefits: The district is currently in year four of a five-year contract. The salary increases for FY20 are outlined in this contract. Historically salary increases have ranged from 3 to 4.5%. As teachers expand their knowledge by taking additional college classes they may qualify for lane changes. These lane changes have cost the district between \$20,000 and \$25,000 per year. Assumptions made regarding changes to the premium increases to health insurance are determined by past historical performance. School districts in Illinois are also required to pay a portion of their non-teaching employees retirement benefits through the Illinois Municipal Retirement Fund (IMRF). This assumption is based on 2018 numbers.

Salary Increases: FY19 – 3.25% (CBA); FY20 – 4% (CBA)

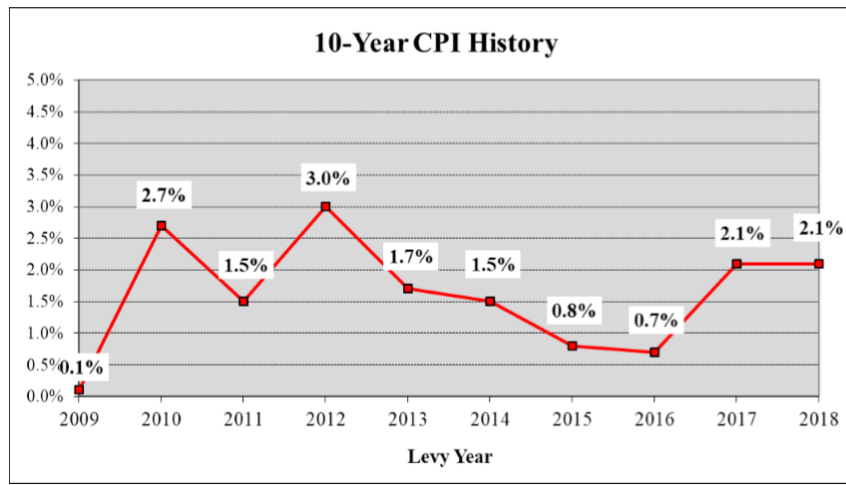
Assumptions for FY21 through FY23 – 3% each year

Lane change: \$25,000 each year

Health Insurance: 5.5% increase for all years; Dental Insurance – 2% increase for all years

IMRF Employer percentage: 10.55% for all years

Revenue: The district is able to raise revenue through an annual tax levy. A tax levy is implemented each year and is based on the Equalized Assessed Valuation of all real property within the district's boundaries. This levy is based on the consumer price index (CPI). For FY2019 the CPI is 2.1%. Based on current CPI trends, FY2020 CPI is projected to be 2.4%. While it is nearly impossible to predict CPI for the next five years, we are using the same percentage - 1.8% - for the years following.



Additionally, the district is able to capitalize on new growth to the district. To calculate our assumption of new growth we determined the average new growth for the past seven years and took into consideration the new property development at Lakeside Pointe. We have assumed new property growth for FY2020 (Levy Year 2019) to be \$14,000,000 and \$5,000,000 for the following 4 years

CPI (Consumer Price Index):

2.1% for levy year 2018; 2.4% for 2019; 1.8% for levy years 2020-2023

Change in existing EAV:

Levy year 2018 – 4%; 1% for levy years 2019-2023

New EAV:

\$14,000,000 for levy year 2019; \$5,000,000 for levy years 2020 - 2023

State and Federal Funds remain constant

Expenses: While the district is able to raise funds based on CPI, expenditures often outpace this level. To create our five-year projection, we included some of the factors we know to be true and made some assumptions on others.

Contract services increase of 3%; Supplies and Materials increase of 3%. Property & Casualty Insurance increase of 5%.

Facilities Cost: FY20 - \$1,730,000; \$330,000 for FY21-24 based on a 7 year average.

Technology Costs per Technology team:

FY19 - \$134,000; \$160,000 for years FY20 - FY23

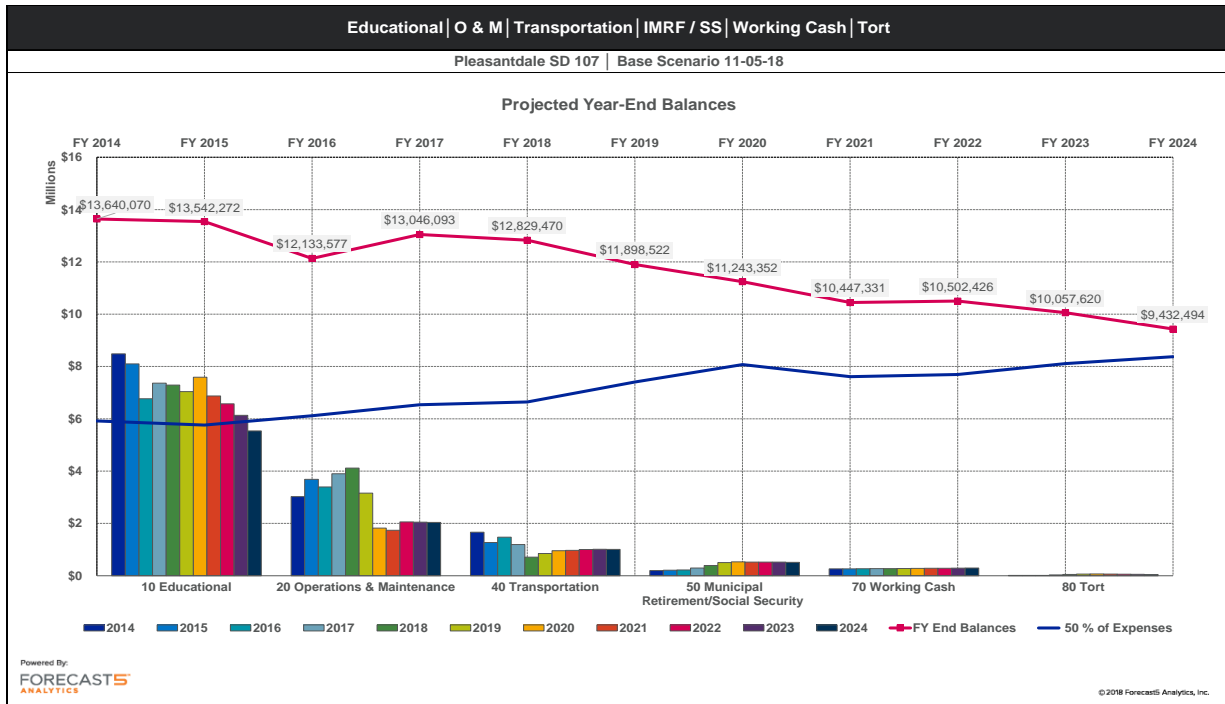
Board Policy 4:20 Fund Balance requires the district to maintain an overall 50% fund balance. With the above assumptions, the projected fund balance at the end of 2024 is very close to the 50% of projected 2024 expenditures. The graph on the next page shows the projected fund balances

Pleasantdale Elementary School
8100 School Street
La Grange, IL 60525
708.246.4700 Fax: 708.246.4625

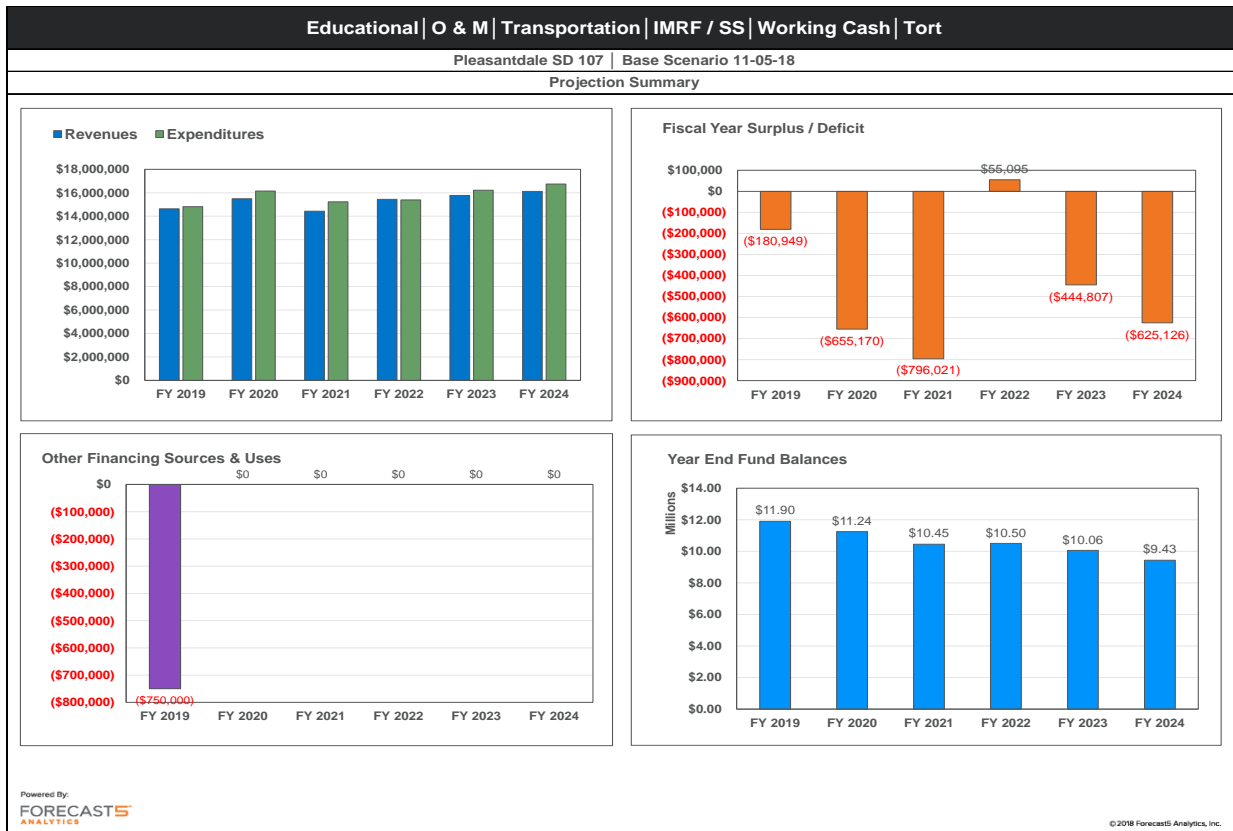


Pleasantdale Middle School
7450 S. Wolf Road
Burr Ridge, IL 60527
708.246.3210 Fax: 708.352.0092

Pleasantdale School District 107 | 7450 S. Wolf Road | Burr Ridge, IL 60527 | 708.784.2013 | Fax: 708.246.0161 | www.d107.org



The following graphs show the projected revenue vs expenditures and the fiscal year surplus/deficits as well as the year-end fund balances:



Pleasantdale Elementary School
8100 School Street
La Grange, IL 60525
708.246.4700 Fax: 708.246.4625



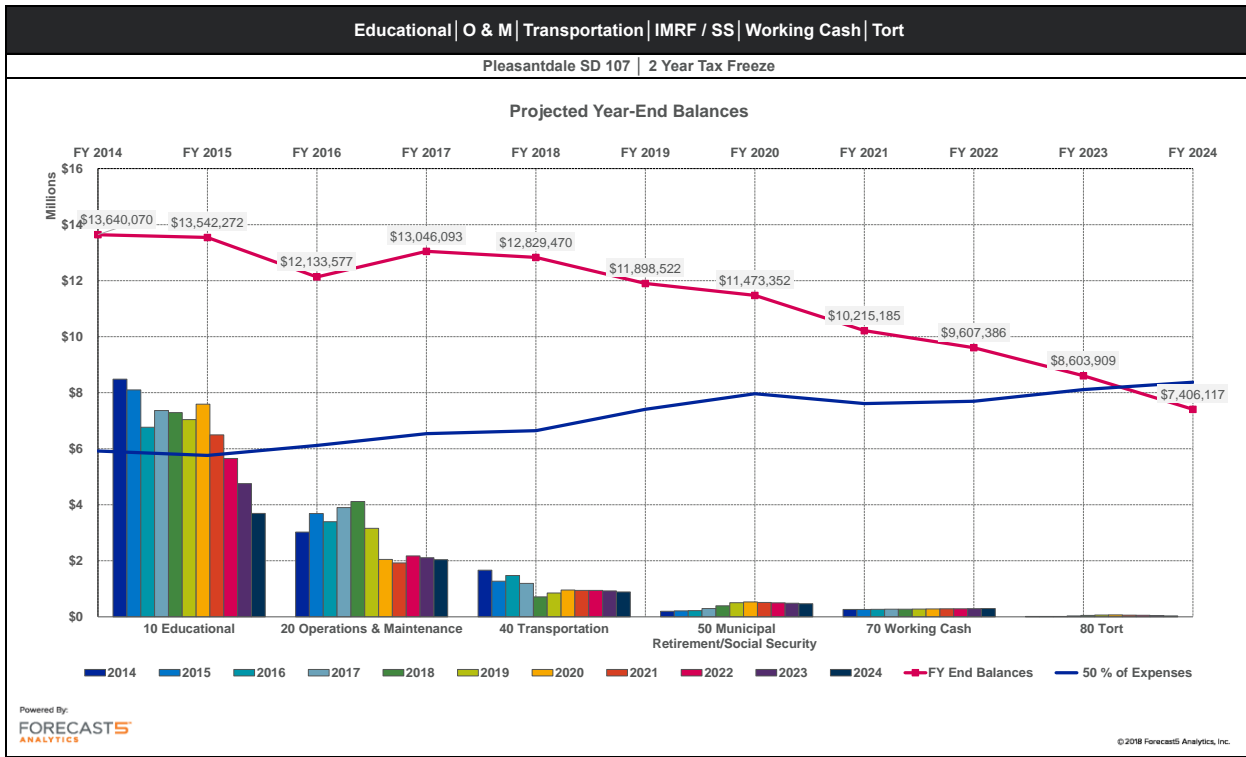
Pleasantdale Middle School
7450 S. Wolf Road
Burr Ridge, IL 60527
708.246.3210 Fax: 708.352.0092

Pleasantdale School District 107 | 7450 S. Wolf Road | Burr Ridge, IL 60527 | 708.784.2013 | Fax: 708.246.0161 | www.d107.org

The Finance Advisory Team met on November 7th and discussed the annual abatement. The district has been abating bonds since 2010 and have saved the taxpayers \$8,430,505. With the possibility of library updates, the Finance Advisory Team decided to forego any abatement next year. We will retire all our debt and the project would be funded using cash on hand. It was determined this was the most fiscally responsible way to fund the project and not extend our debt. These assumptions are included in the graphs shown above.

For several years there has been talk of a property tax freeze and pension cost shift from the State to School Districts. There has not been any movement on either of these but continues to be discussed. The graphs on the next page are to give an idea of what that could look like for our district. These scenarios are not specific to District 107 but to all districts in Illinois. These scenarios were run to give you an idea of how it would affect our district. This is just so we have an awareness and can keep them in mind while looking into the future.

Two Year Property Tax Freeze Scenario



Pleasantdale Elementary School
 8100 School Street
 La Grange, IL 60525
 708.246.4700 Fax: 708.246.4625



Pleasantdale Middle School
 7450 S. Wolf Road
 Burr Ridge, IL 60527
 708.246.3210 Fax: 708.352.0092

Pleasantdale School District 107 | 7450 S. Wolf Road | Burr Ridge, IL 60527 | 708.784.2013 | Fax: 708.246.0161 | www.d107.org

Pension Cost Shift Scenario

