
Riverside Brookfield High School District 208

Finance Committee Meeting
August 12, 2008

Riverside Brookfield High School

- In 2000, an operating fund referendum was passed
- At the time it was expected to fund the District for 5 to 6 years with enrollment growth expected to be around 25%

Riverside Brookfield High School

- 8 years later enrollment has increased by almost 50%
- During those 8 years, per pupil expenditures have remained even
- In fact, if you factor in inflation, we are spending less per pupil

Review

- The referendum was to last 5-6 years
- Revenues have been impacted by tax caps
- Enrollment has grown significantly by almost 50%
- We have had to give back over \$2.5 million to commercial taxpayers
- Spending cuts have been enacted, and per pupil expenditures have actually decreased when inflation is factored into the equation.

Academically

- We have seen tremendous gains in our graduation rate
- From a 1991-2001 average of 91% to over a 98% average for the last 5 years

Academically

- Our Prairie State Achievement scores in Math and Science are in the top 2% in Illinois in the category of most improved (from 62-64% pass rate to 75-77% pass rate in 2008)
- The number of Advanced Placement Scholars, the number of students passing AP exams, and the number of passed exams have increased by over 300% while enrollment has increased by about 50%

Academically

So, our graduation rate, math and science test scores, and Advanced Placement programs are among the most improved in Illinois while we have made spending cuts and kept per pupil expenditures even.

Academic and Extra-Curricular

- Riverside Brookfield High School also offers the same number of extra-curricular programs, sports teams, and AP classes and electives as schools that are twice our size or larger
- Many schools with our enrollment have reduced or eliminated vocational education courses and fine arts courses. RB has maintained both programs at full strength
- Over 70% of our students take 7 courses when 6 courses is a full schedule.

Maintenance...

To maintain these programs and opportunities for all our students, we need additional funding at this time.

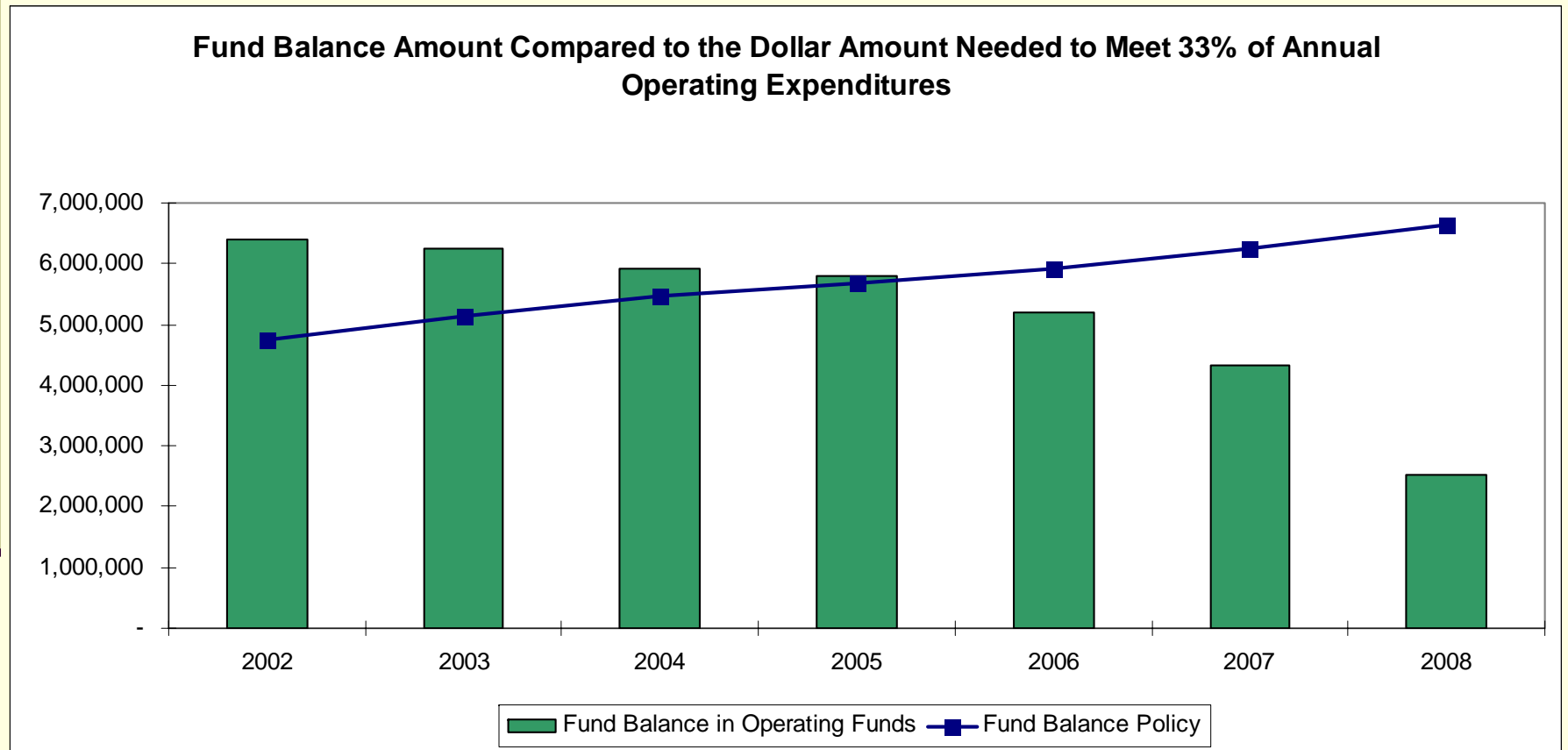
Riverside Brookfield High School District 208

What is our current financial condition?

Financial Challenges

- Operating Fund Balances are too low at certain points in the year to pay operating bills
- Annual Operating Deficit (expenditures exceed revenues)
- Trend of expenditures outpacing revenues

Low Fund Balances



Current Unaudited June 30, 2008 financial statements

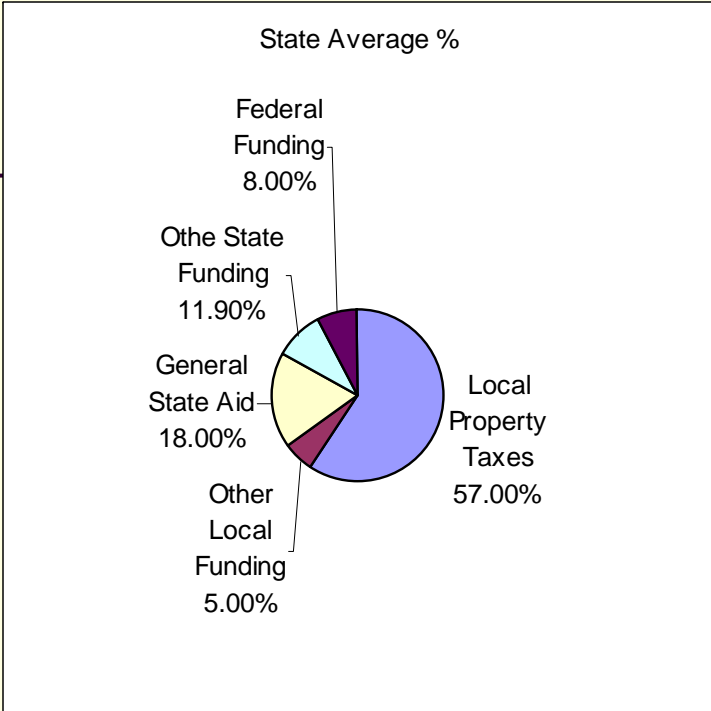
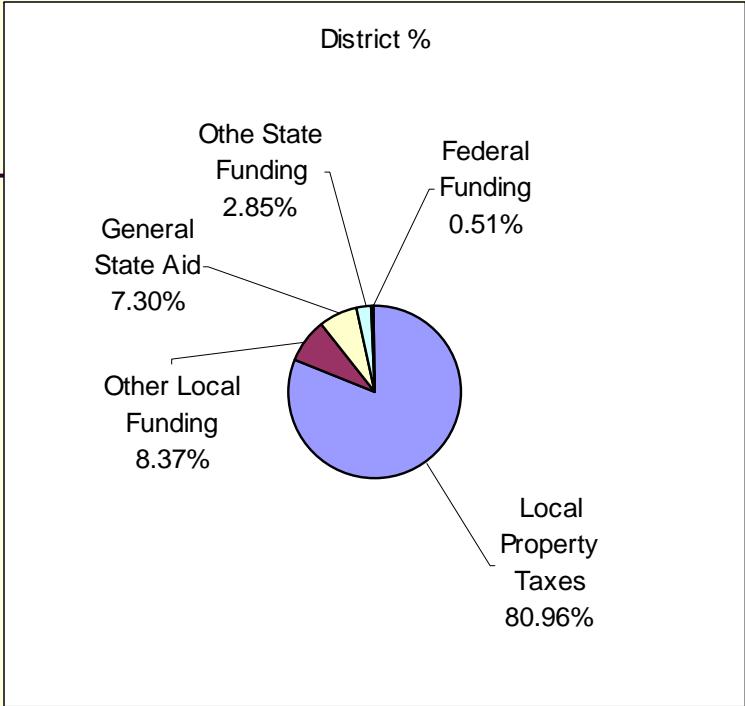
Better than Anticipated

	Final Budget	6/30/2008 Actual	% Actual vs Budget
REVENUES:			
EDUCATION	16,884,980	17,016,580	100.8%
O & M	2,324,000	2,351,512	101.2%
TRANSPORTATION	290,500	246,047	84.7%
IL MUNICIPAL RETIREMENT	377,700	383,958	101.7%
WORKING CASH	20,000	35,029	175.1%
TOTAL OPERATING REVENUES	19,897,180	20,033,126	100.7%
EXPENDITURES:			
EDUCATION	17,466,366	17,348,540	99.3%
O & M	3,677,000	3,489,009	94.9%
TRANSPORTATION	298,388	348,750	116.9%
IL MUNICIPAL RETIREMENT	394,893	397,395	100.6%
WORKING CASH	-	-	0.0%
Subtotal	21,836,647	21,583,694	98.8%
Less: AutoShop Construction (Non-Operating)	(1,500,000)	(1,469,148)	97.9%
TOTAL OPERATING EXPENDITURES	20,336,647	20,114,546	98.9%
Operating (Deficit)	(439,467)	(81,420)	

Revenues

Just where does our money come from?

Revenues



Operating Funds Revenue by Source

	2008-09 Budget	District %	State %
Local Property Taxes	16,230,300	80.96%	58.80%
Other Local Funding	1,678,900	8.37%	6.00%
General State Aid	1,463,500	7.30%	18.20%
Other State Funding	572,170	2.85%	9.30%
Federal Funding	103,160	0.51%	7.70%
	20,048,030	100%	100%

As the charts above illustrate, the primary source (80.96%) of revenue for Riverside Brookfield High School District 208 is local property taxes.

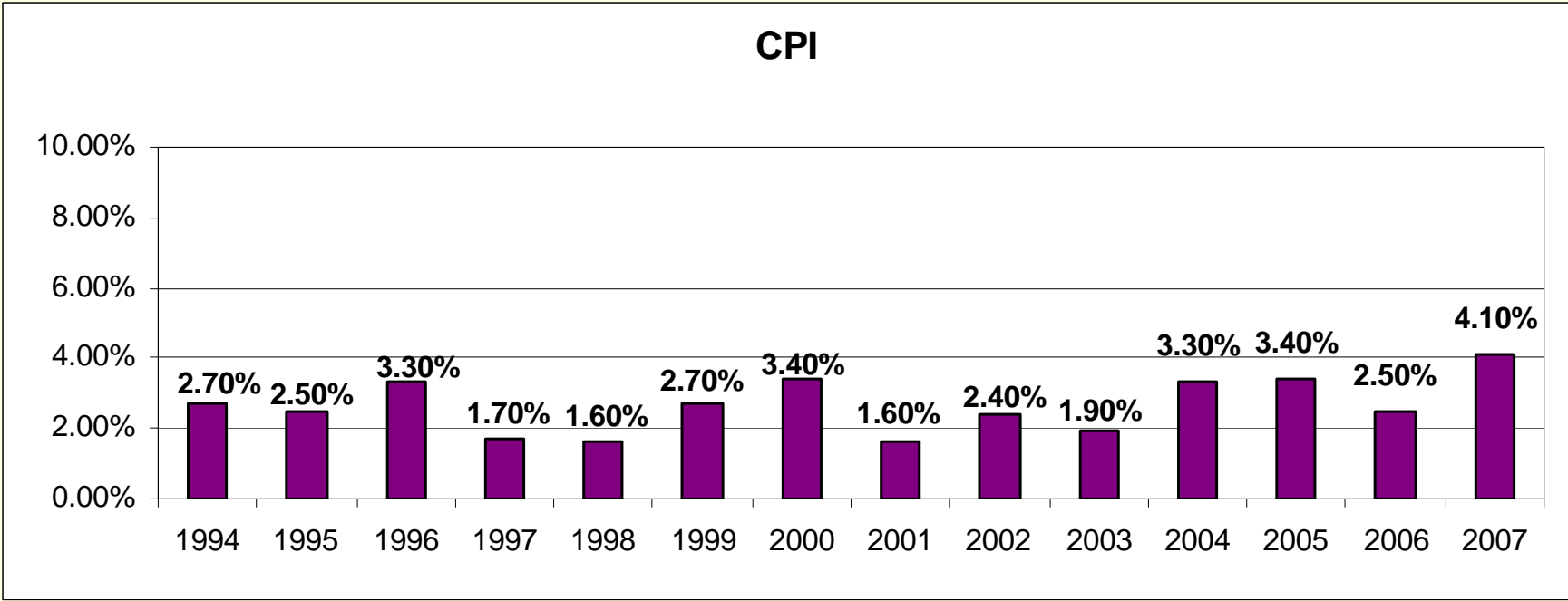
Why are revenues so flat?

Why can't the revenues keep pace with the expenditures?

Tax Cap

- Limits the increase on tax extensions to the lesser of 5% or CPI

CPI Increases since the Tax Cap

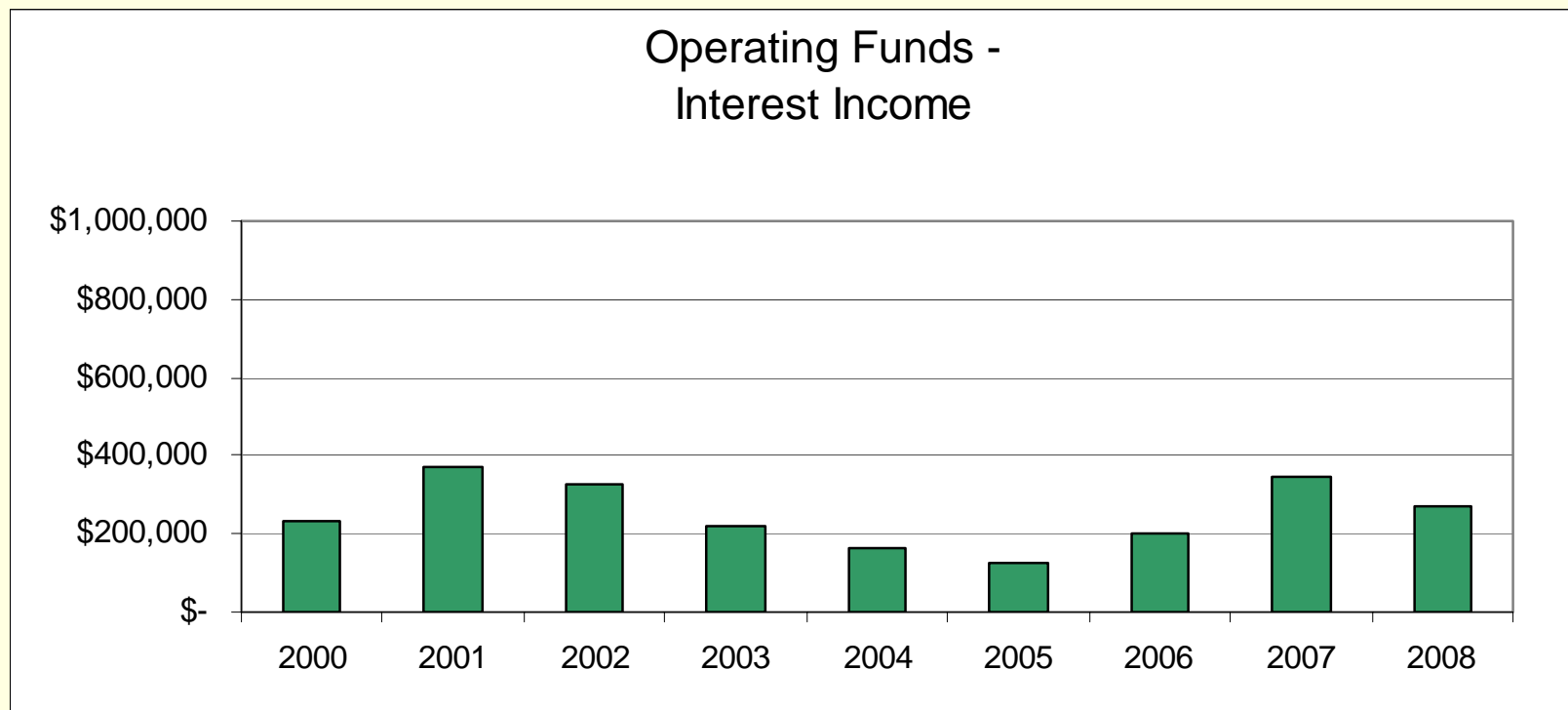


Average 2.65%

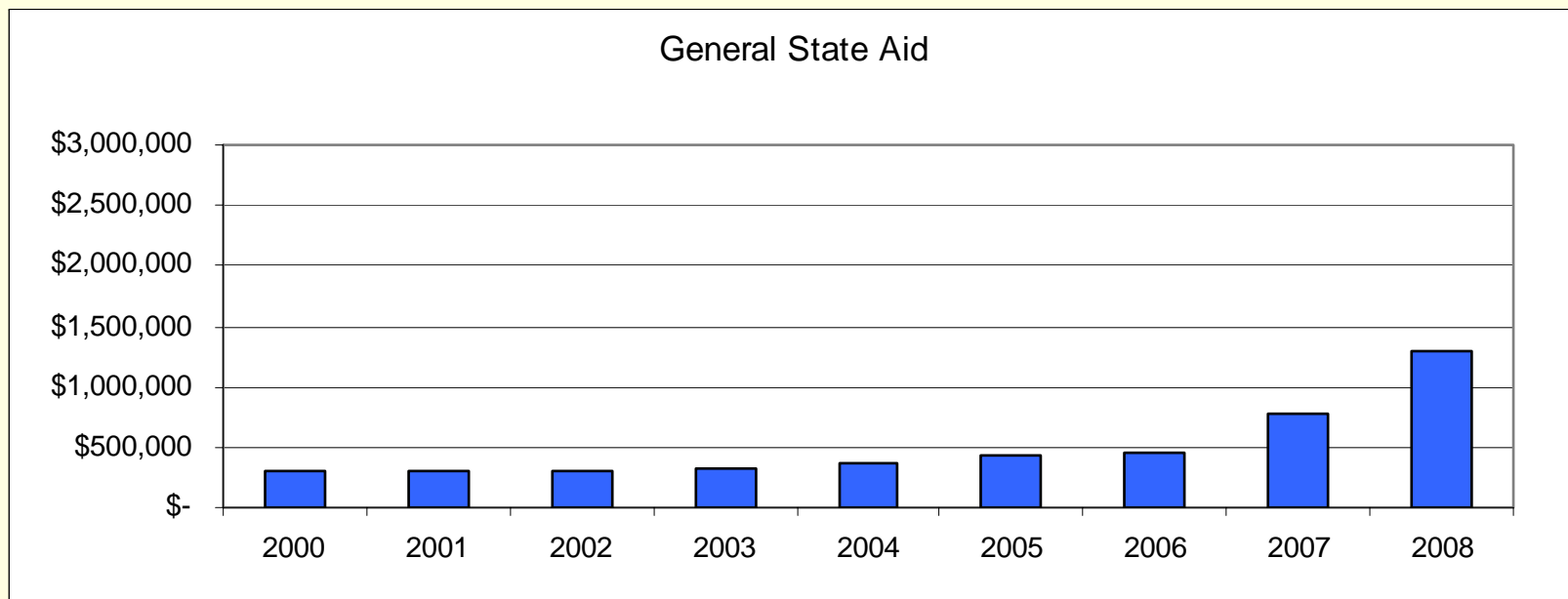
Property Tax Refunds



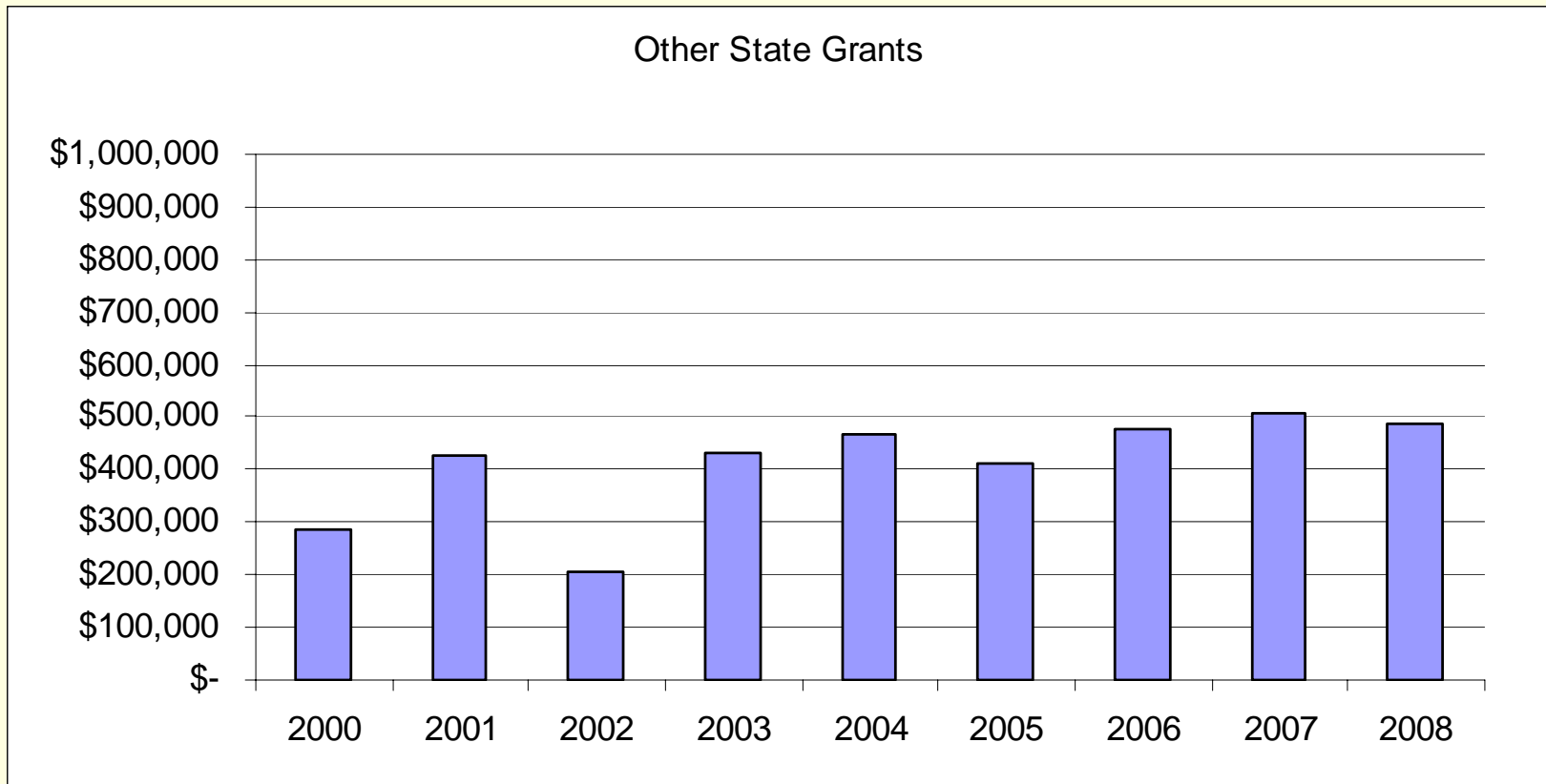
Interest Income



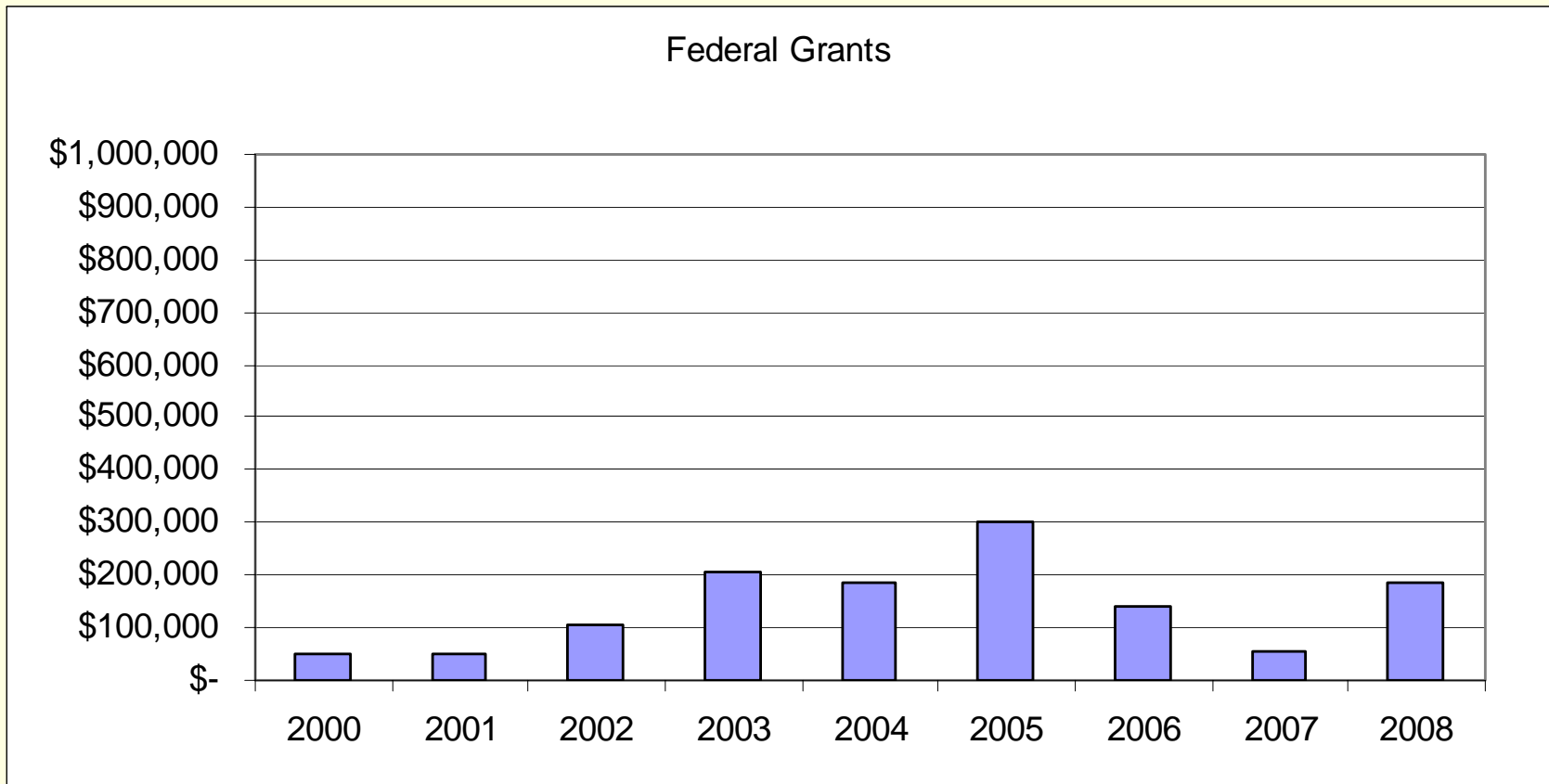
General State Aid



Other State Grants



Federal Grants



Revenues – Why are revenues not keeping pace with expenditures?

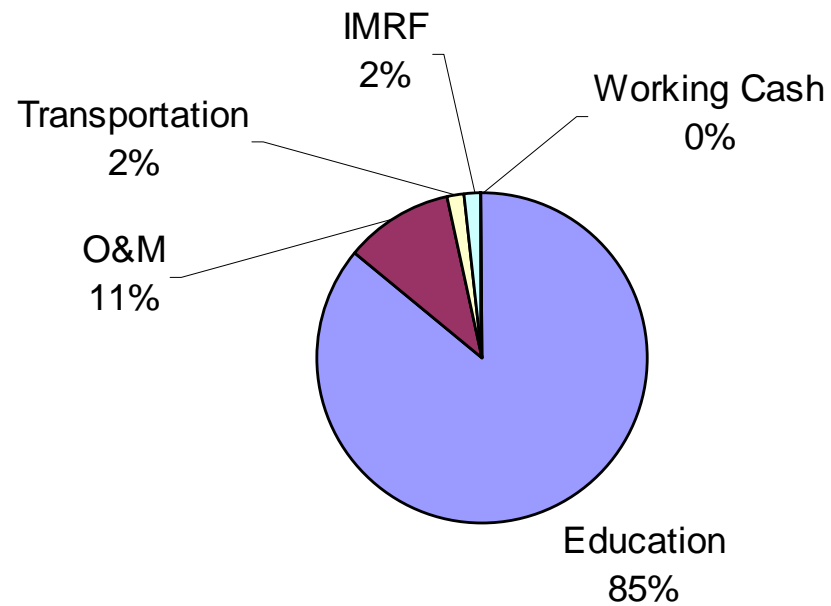
- More than 80% of operating revenues come from property taxes.
- Tax cap limits property tax increases to CPI
- Property tax refunds hit District 208 hard. These refunds come straight out of current collections.
- Interest income is decreasing due to declining fund balances and declining interest rates.
- State Funding is increasing slightly. However, State Funding represents only 15% of our revenues.
- Federal Funding is very small and decreasing.

Expenditures

How are the expenditures allocated?

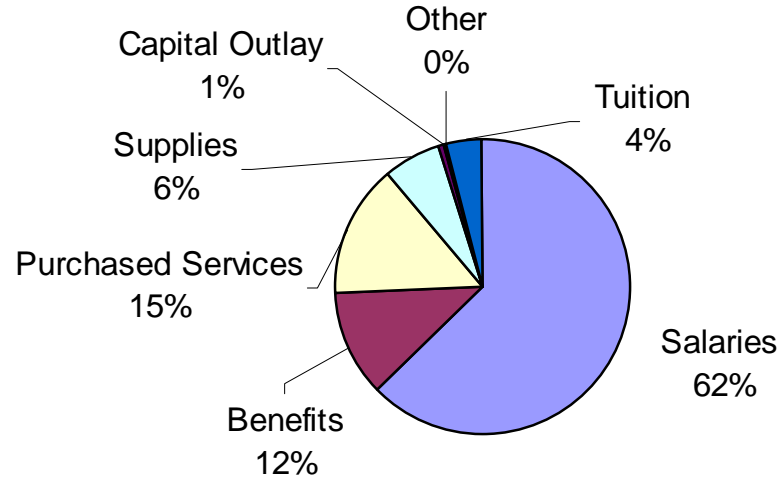
Expenditures by Fund

Operating Funds - Expenditures



Expenditures by Type

Operating Funds - Expenditures

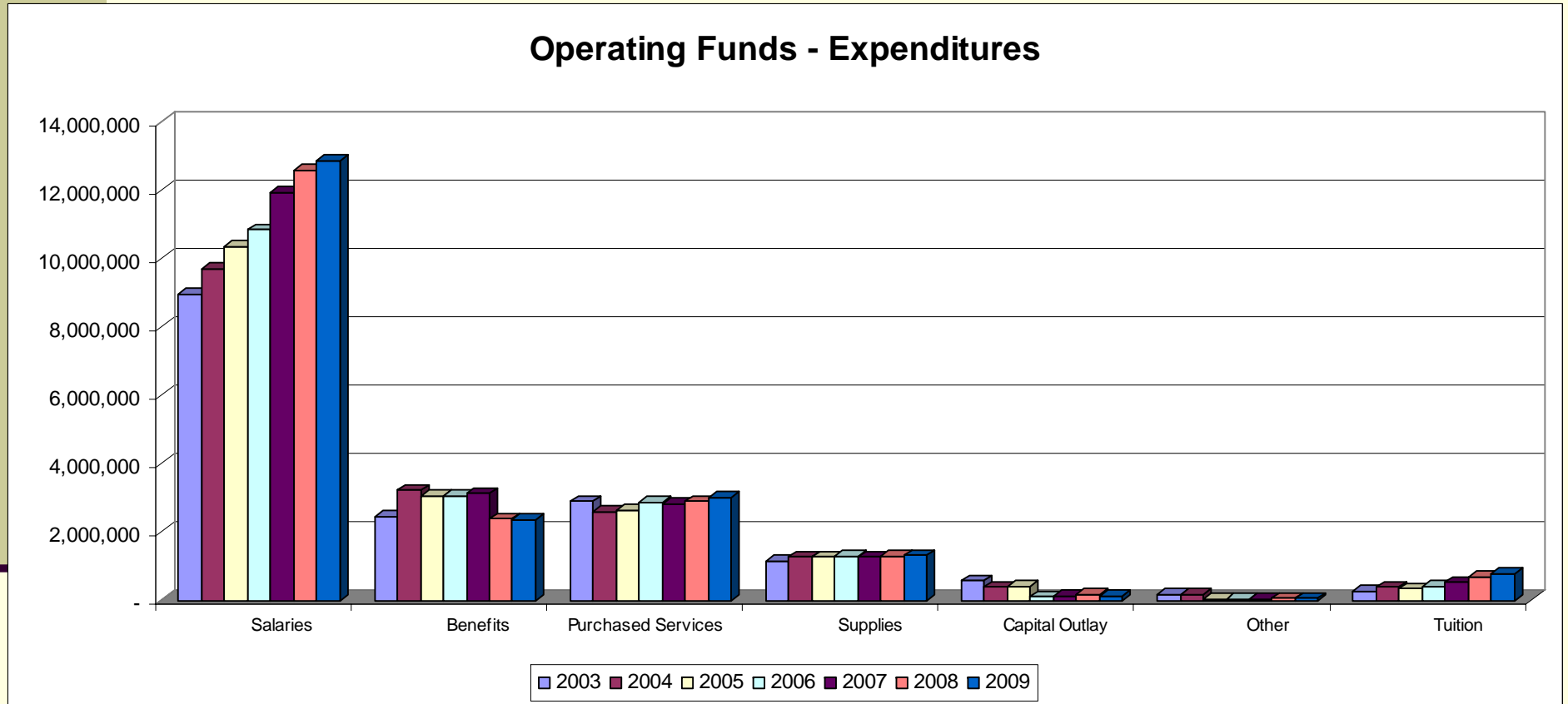




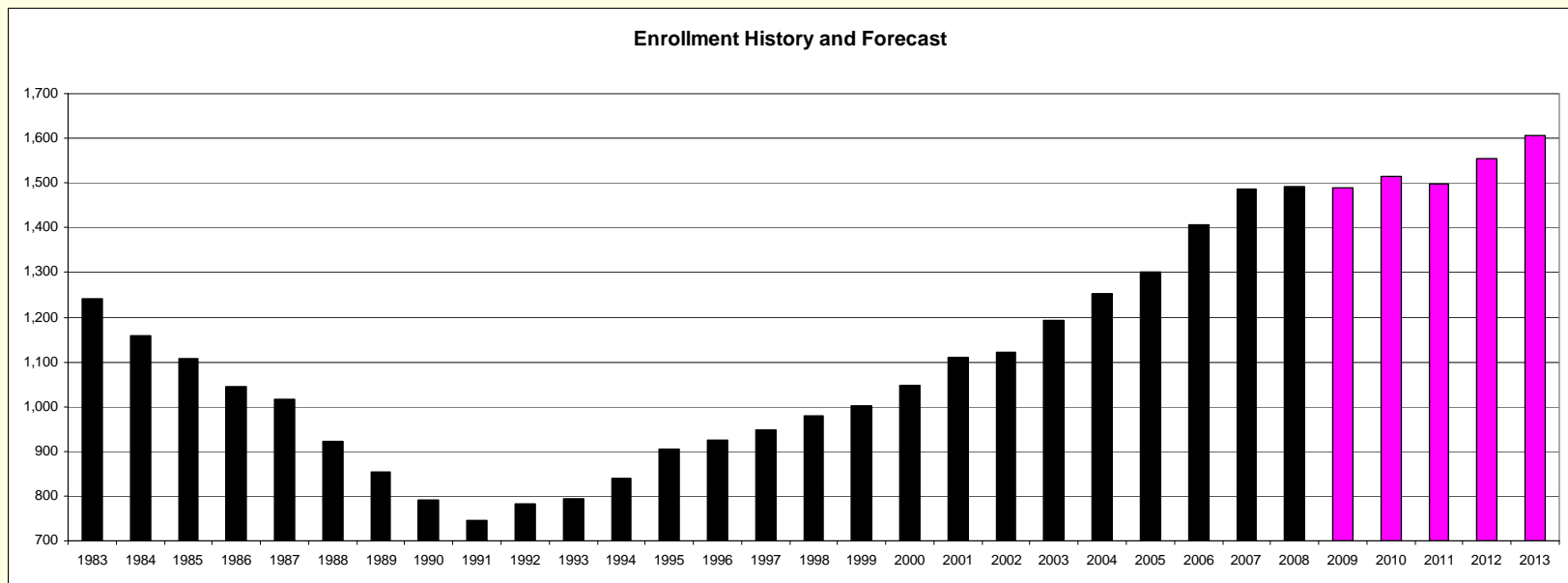
Why are expenditures outpacing revenues?



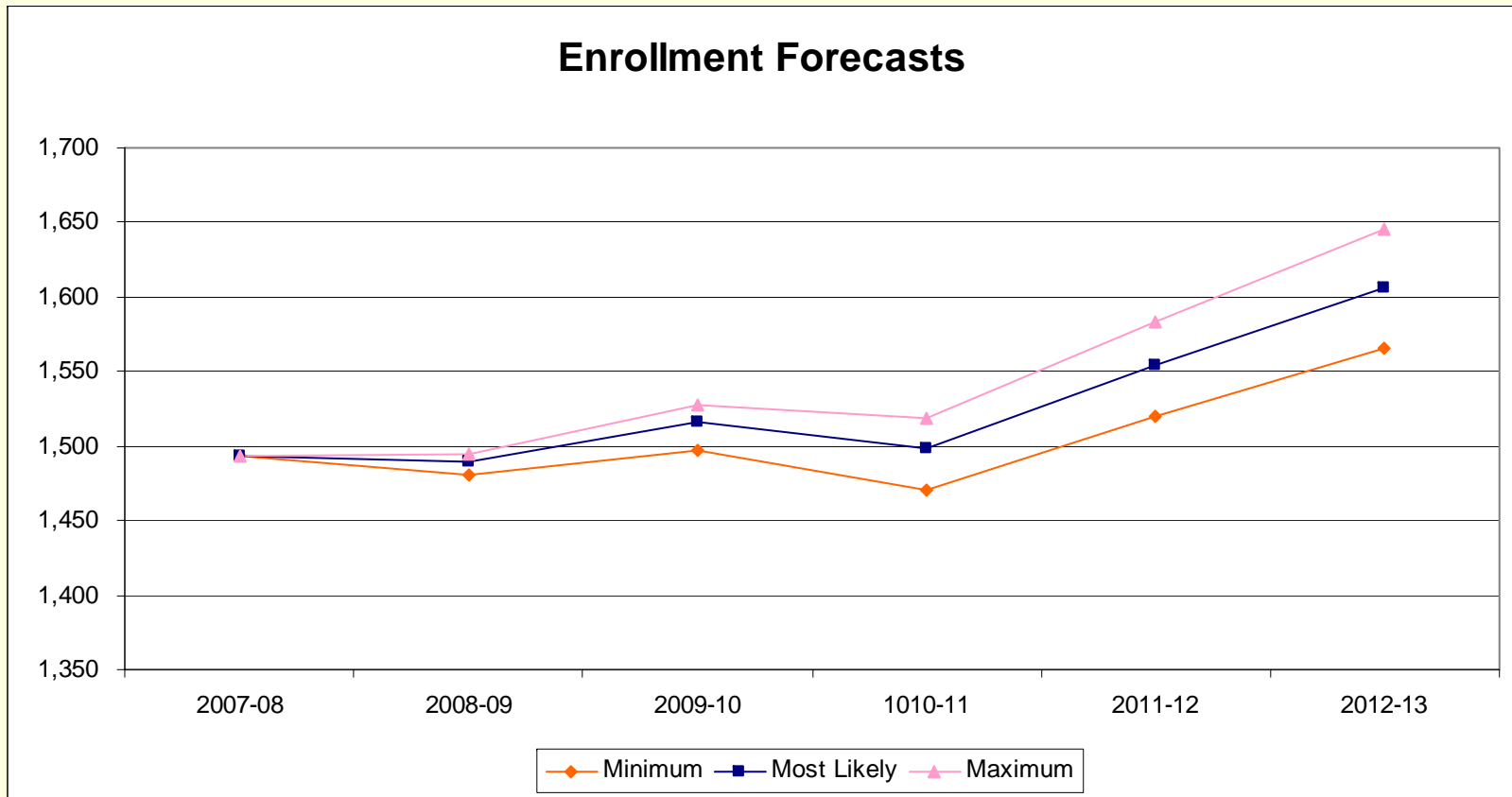
Trends in expenditures by type



Enrollment Increases



Enrollment Increases



Why are expenditures outpacing revenues?

- School districts are service organizations. Service organizations are very labor intensive.
- Salaries and benefits make up 74% of the operating expenditures.
- Staffing has a direct relationship to enrollment.
- Enrollment:

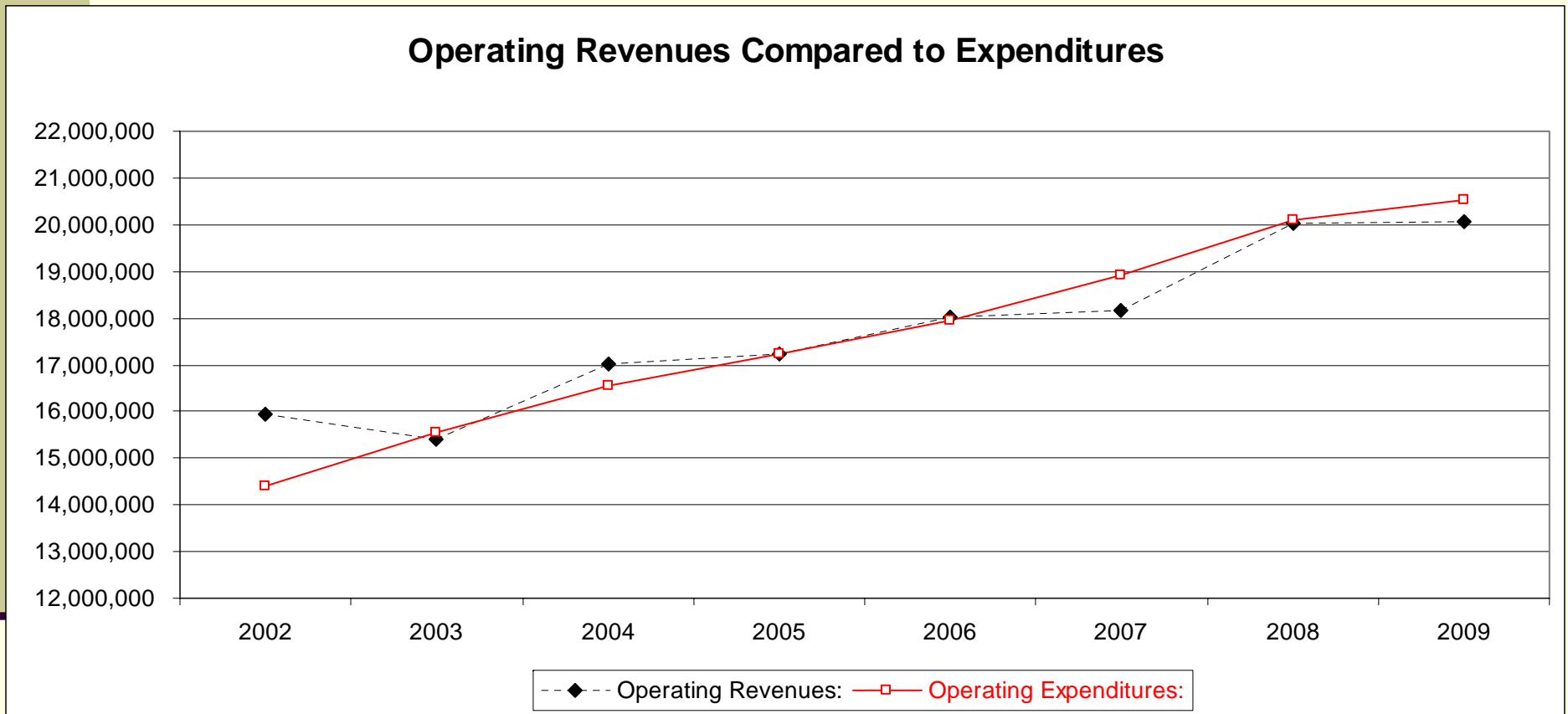
	1991=	746
	1999=	1,003
	2004=	1,252
	2007=	1,487
Projected	2013=	1,606

Why are expenditures outpacing revenues?

- Escalating cost of health care and benefits. Health insurance costs have been trending at double digit increases. The last few years that trend has come down to about 8-9%.
- Escalating cost of fuel.
- Escalating cost of natural gas and electricity.
- Unfunded mandates: Tuition Costs
- Account 10-1260-8000-80-126 Tuition

FY 2003 = \$277,074 → FY 2008 = \$639,460 → Budget FY2009 = \$735,000

Structural Deficit



Budget Cuts in 2009

- Reduced teaching positions from 110.2 to 108.1. With enrollment flat to increasing, reduced teaching staff by two positions.
- Reduced 1.2 academic support positions
- Reduced the full-time drug and alcohol counselor to 3 days per week
- Reduced one library clerk position
- Increased textbook fees
- Eliminated insurance broker commissions
- The 08-09 budget for supplies in the Education Fund is \$95,846 less than the 07-08 budget
- The 08-09 budget for capital outlay in the Education Fund is \$23,984 less than the 07-08 budget
- The total 08-09 budgeted expenditures for the Education Fund are less than 1% greater than the 07-08 budget. This is obviously the result of significant budget cuts considering the RB enrollment and the current economy (inflation).

Budget Cuts in 2010

Yes.

What will be cut?

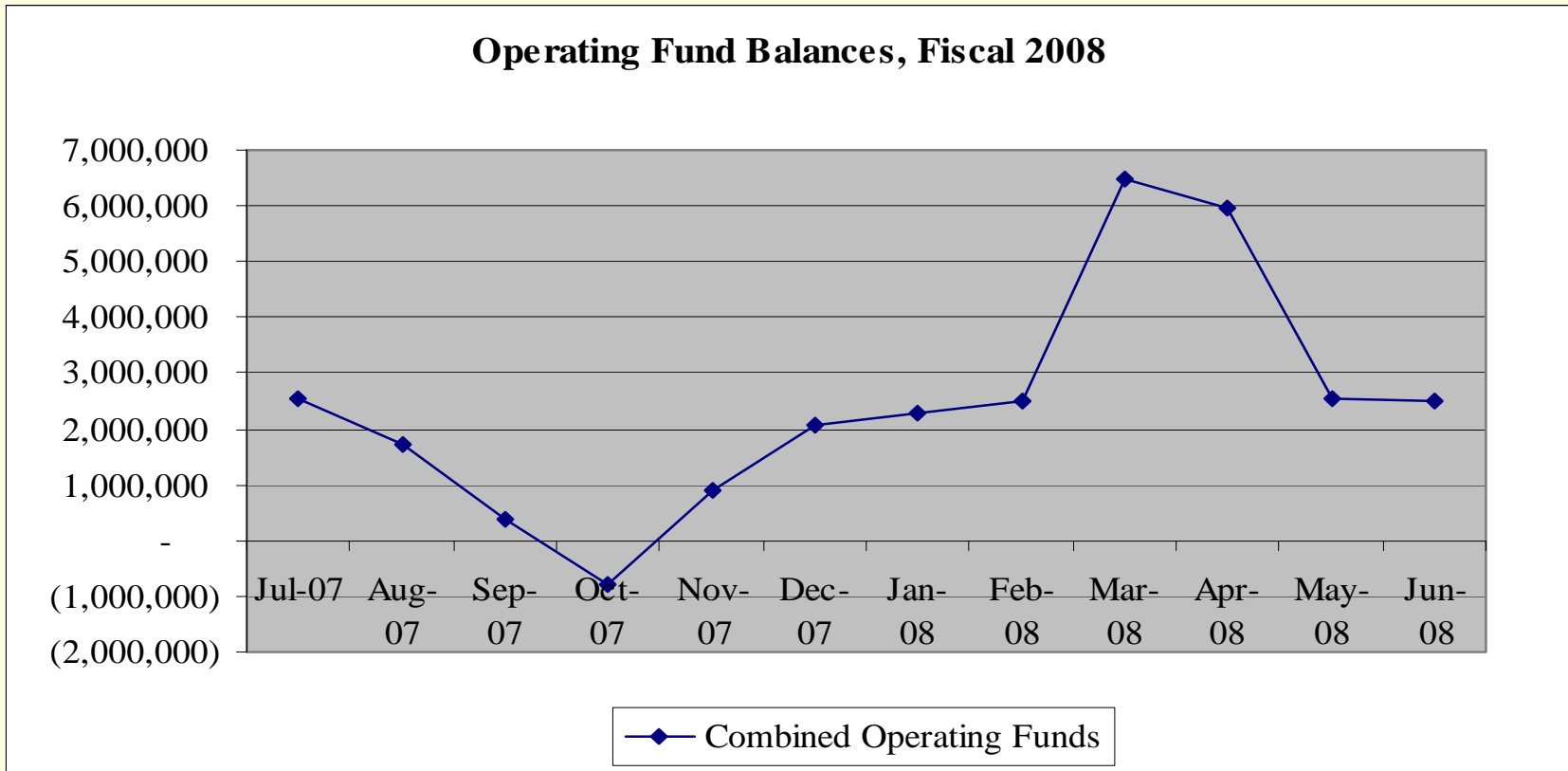
Financial Challenges

- Operating Fund Balances are too low at certain points in the year to pay operating bills
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- Trend of expenditures outpacing revenues

The Low Fund Balance Problem

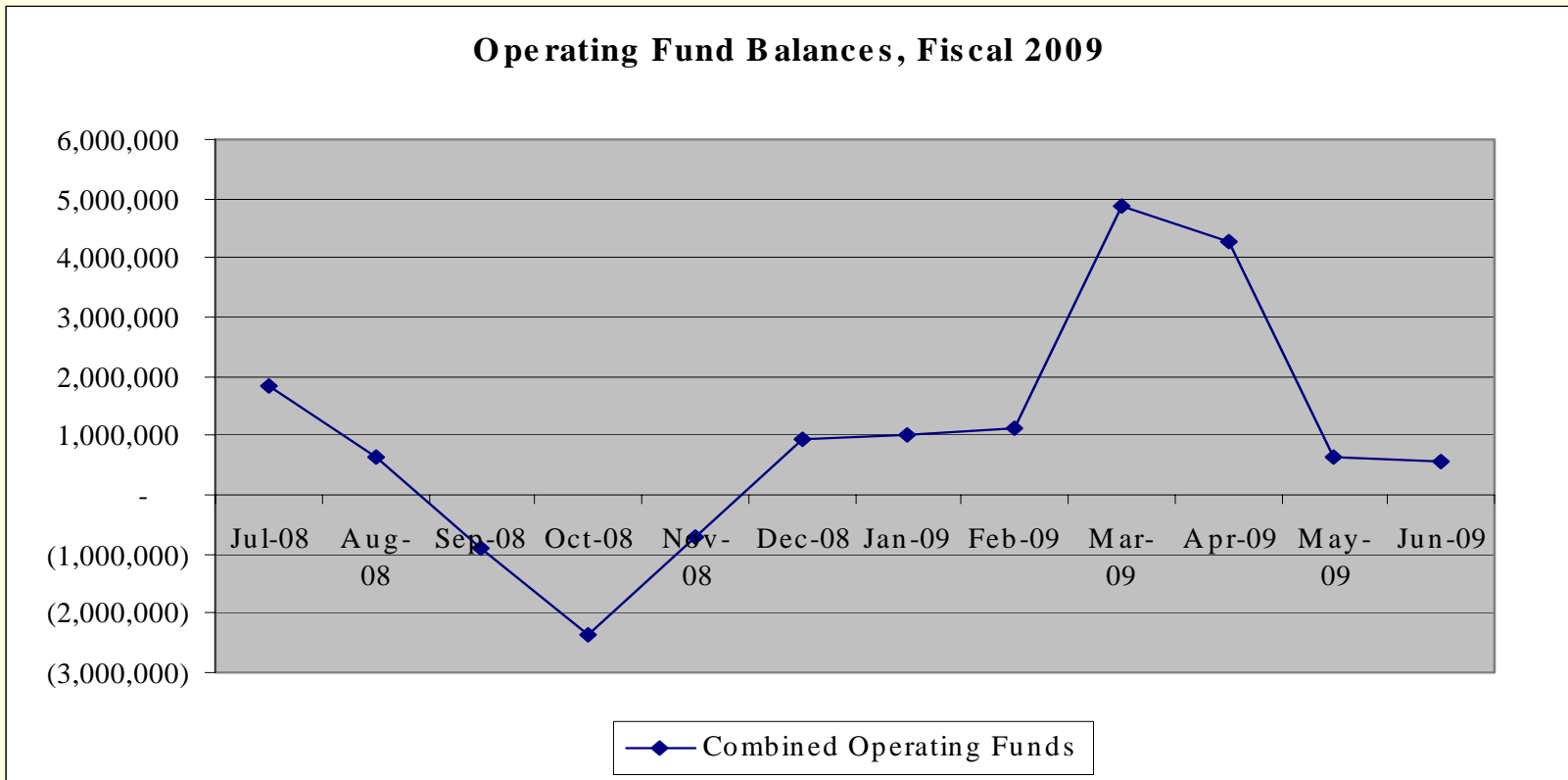
- Over time deficit spending erodes accumulated fund balances and short term borrowing is necessary to continue to pay bills.
- The District has borrowed TAWs in the last fiscal year due to low fund balances and late tax receipts. The interest cost of TAWs increases the expenditure side of the equation.
- The State of Illinois and school finance experts recommend a fund balance with a minimum of three to four months of annual expenditures (33%). As of June 30, 2007, the operating fund balances were 21% of annual operating expenditures and as of June 30, 2008, the fund balance was 12% of annual expenditures.
- According to the ISBE Financial Profile, the District will be on “Review” status in FY08 and “Early Warning” in FY09 according to current projections.

Cash Flow Deficits, FY08



- In Fiscal Year 2008, the District borrowed \$6.7 million in Tax Anticipation Warrants to accommodate cash flow needs.

Cash Flow Deficits, FY09



- Depending on when property taxes are received in the Fall of 08, FY09 cash flow borrowing need is greater.

Tax Anticipation Warrants

- In order to provide for cash flow shortages the Illinois statutes provide the options of Revenue Anticipation Warrants or Working Cash Fund Bonds.
- Revenue Anticipation Warrants pledge a revenue source, such as property taxes or state aid to the repayment of the Warrants.
- Warrant are paid from the District's operating funds, so that the entire cost of the financing is repaid from operations, causing the need to borrow to be even greater the following year.
- The interest cost of Warrants perpetuates the NEED to borrow more Warrants the next year, increasing operating deficits.

Working Cash Bonds

- Working Cash Fund Bonds are repaid from the bond and interest tax levy which is SEPARATE from the operating funds.
- The Bond and Interest tax levy is part of the Tax Limitation Law and is restricted to the amount of the 1994 bond and interest tax levy (\$1,560,122).
- Working Cash Fund bond proceeds are deposited to the District's Working Cash Fund and serve as an internal bank account for the District so that instead of borrowing from a bank for cash flow needs, it borrows from itself.
- The bond and interest tax levy repays the bonds over a five year time period.
- When the funds are not "loaned out" to the operating funds, the District can earn interest on the working cash fund because it is a "permanent" financing instrument, not a temporary loan.

Tax Anticipation Warrant VS. Working Cash Fund Bond Analysis

\$5M Working Cash Fund Bonds Issued FY 2009					\$5M Tax Anticipation Warrants Issued Annually FY 09-13			
Year	Issuance Cost(1)	Interest Cost (2)	Interest Earnings(3)	Net Cost	Issuance Cost(1)	Interest Cost(2)	Interest Earnings(3)	Net Cost
2009	55,000	200,000	80,000	175,000	20,500	75,000	0	95,500
2010		178,600	80,000	98,600	20,500	75,000	0	95,500
2011		156,200	80,000	76,200	20,500	75,000	0	95,500
2012		100,800	80,000	20,800	20,500	75,000	0	95,500
2013		43,200	80,000	(36,800)	20,500	75,000	0	95,500
Total Cost	55,000	678,800	400,000	333,800	102,500	375,000	0	477,500

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| <ul style="list-style-type: none"> ▶ (1) Issuance cost includes legal counsel, rating fees, financial advisory/underwriting fees, etc. ▶ (2) Interest cost conservatively estimated at 4% with amortization of principal based debt service extension base availability. ▶ (3) Interest earnings based on 3.2% investment rate (CD) for six months. | <ul style="list-style-type: none"> ▶ (1) Issuance cost includes legal counsel, financial advisory/underwriting fees, etc. ▶ (2) Interest cost estimated at 3% with principal repayment in 6 months. ▶ (3) Interest earnings not available because Warrant proceeds loaned to needy operating funds. |
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Proposed \$4,900,000 Limited Tax Bonds, Series 2008

Levy Year	EAV	EAV Increase	Debt Service Extension Base	Outstanding Non-Referendum Debt Service	\$4,900,000 Proposed Limited Tax Bonds, Series 2008	Total Non-Referendum Debt Service	Remaining Debt Service Capacity	Outstanding Referendum Debt Service	Total Debt Service	B&I Tax Rate	B&I Tax Rate Increase
2005	873,790,962	22.68%	1,560,122								0.19
2006	877,757,860	0.45%	1,560,122	52,875				4,146,483	4,199,358	0.48	
2007	909,444,919	4.00%	1,560,122	70,500			1,489,622	3,988,101	4,058,601	0.45	
2008	1,000,389,411	10.00%	1,560,122	805,500	\$753,800	\$1,559,300	822	3,567,125	5,126,425	0.51	0.07
2009	1,005,391,358	0.50%	1,560,122	800,955	756,400	1,557,355	2,767	3,568,175	5,125,530	0.51	
2010	1,045,607,012	4.00%	1,560,122		1,558,000	1,558,000	2,122	4,386,825	5,944,825	0.57	
2011	1,150,167,713	10.00%	1,560,122		1,556,600	1,556,600	3,522	4,390,150	5,946,750	0.52	
2012	1,155,918,552	0.50%	1,560,122		913,000	913,000	647,122	4,394,625	5,307,625	0.46	
2013	1,202,155,294	4.00%	1,560,122				1,560,122	4,405,050	4,405,050	0.37	
2014	1,322,370,824	10.00%	1,560,122				1,560,122	4,411,025	4,411,025	0.33	
2015	1,328,982,678	0.50%	1,560,122				1,560,122	4,417,525	4,417,525	0.33	
2016	1,382,141,985	4.00%	1,560,122				1,560,122	4,423,175	4,423,175	0.32	
2017	1,520,356,183	10.00%	1,560,122				1,560,122	4,428,425	4,428,425	0.29	
2018	1,527,957,964	0.50%	1,560,122				1,560,122	4,438,025	4,438,025	0.29	
2019	1,589,076,283	4.00%	1,560,122				1,560,122	4,441,575	4,441,575	0.28	
2020	1,747,983,911	10.00%	1,560,122				1,560,122	4,447,063	4,447,063	0.25	
2021	1,756,723,831	0.50%	1,560,122				1,560,122	4,449,763	4,449,763	0.25	
2022	1,826,992,784	4.00%	1,560,122				1,560,122	4,447,963	4,447,963	0.24	
2023	2,009,692,062	10.00%	1,560,122				1,560,122	4,443,463	4,443,463	0.22	
2024	2,019,740,522	0.50%	1,560,122				1,560,122	4,441,013	4,441,013	0.22	
2025	2,100,530,143	4.00%	1,560,122				1,560,122	4,445,131	4,445,131	0.21	
2026	2,310,583,158	10.00%	1,560,122				1,560,122	4,450,705	4,450,705	0.19	
2027	2,322,136,074	0.50%	1,560,122				1,560,122	0	0	0.00	
Total:				\$1,676,955	\$5,537,800		\$25,547,807	\$86,384,900	\$93,599,655		

Impact on Taxpayer

Cook County, IL

Examples of Cap of 7% increase in reassessment

2008 South Tri - Triennial Reassessment - Minimum Homeowner Deduction of \$5,500 and max of \$26,500

Estimated Home Market Value	Current Home Assessed Value (1)	Current Home EAV (2)	Estimated Reassess. (10% Increase)(3)	7% Cap	Amount of Deduction	Min 5,500 Deduction	Max 26,500 Deduction	Final Amount of Deduction	EAV After Deduction	2008 Tax Rate Increase Due to Bonds	Increase due to Limited Tax Bonds
100,000	10,000	27,076	29,784	28,971	812	5,500	26,500	5,500	24,284	.07 per \$100 EAV	\$17
200,000	20,000	54,152	59,567	57,943	1,625	5,500	26,500	5,500	54,067	.07 per \$100 EAV	\$38
300,000	30,000	81,228	89,351	86,914	2,437	5,500	26,500	5,500	83,851	.07 per \$100 EAV	\$59
350,000	35,000	94,766	104,243	101,400	2,843	5,500	26,500	5,500	98,743	.07 per \$100 EAV	\$69
400,000	40,000	108,304	119,134	115,885	3,249	5,500	26,500	5,500	113,634	.07 per \$100 EAV	\$80
500,000	50,000	135,380	148,918	144,857	4,061	5,500	26,500	5,500	143,418	.07 per \$100 EAV	\$100
600,000	60,000	162,456	178,702	173,828	4,874	5,500	26,500	5,500	173,202	.07 per \$100 EAV	\$121
700,000	70,000	189,532	208,485	202,799	5,686	5,500	26,500	5,686	202,799	.07 per \$100 EAV	\$142
800,000	80,000	216,608	238,269	231,771	6,498	5,500	26,500	6,498	231,771	.07 per \$100 EAV	\$162
900,000	90,000	243,684	268,052	260,742	7,311	5,500	26,500	7,311	260,742	.07 per \$100 EAV	\$183

(1) Assumes 10% ratio of sale value to assessed value.

(2) Assumes multiplier of 2.7076 (2007).

(3) Assumes 10% triennial reassessment. Actual 2005 reassessment was 23%.

Financial Projections in Operating Funds FY 2007-2014

	Education Fund	O&M Fund	Transportation Fund	IMRF/SS Fund	Working Cash Fund	Total Operat- ing Funds (Millions)
Beginning Balance, 7/1/06	3,358,892	340,192	(143,659)	30,671	855,257	4,441,353
Revenues	13,840,095	2,032,967	500,749	282,184	4,866	16,660,861
Expenditures	16,203,846	2,033,027	306,870	375,003	0	18,918,746
Transfers	0	1,546,868	0	0	0	1,546,868
Other	315,859	0	0	0	0	315,859
Ending Balance, 6/30/07	1,311,000	1,887,000	50,220	(62,148)	860,123	4,046,195
Fund Balance as % of Exp	8%	93%	16%	-17%		21%
Beginning Balance, 7/1/07	1,311,000	1,887,000	50,220	(62,148)	860,123	4,046,195
Revenues	17,016,000	2,351,000	246,047	383,958	35,029	20,032,034
Expenditures	17,349,000	3,489,000	349,000	397,000	0	21,584,000
Transfers	0	0	0	0	0	0
Other	0	0	0	0	0	0
Ending Balance, 6/30/08	978,000	749,000	(52,733)	(75,190)	895,152	2,494,229
Fund Balance as % of Exp	6%	21%	-15%	-19%		12%
Beginning Balance, 7/1/08	978,000	749,000	(52,733)	(75,190)	895,152	2,494,229
Revenues	16,760,886	2,158,293	315,612	411,689	30,000	19,676,480
Expenditures	17,629,440	2,195,410	383,900	367,270	0	20,576,020
Transfers	30,000	0	0	0	0	30,000
Other	0	0	0	0	0	0
Ending Balance, 6/30/09	139,446	711,883	(121,021)	(30,770)	925,152	1,624,689
Fund Balance as % of Exp	1%	32%	-32%	-8%		8%
Beginning Balance, 7/1/09	139,446	711,883	(121,021)	(30,770)	925,152	1,624,689
Revenues	18,049,427	2,028,030	523,517	407,344	18,503	21,026,822
Expenditures	18,781,914	2,307,518	414,612	350,000	0	21,854,044
Transfers	0	0	0	0	0	0
Other	0	0	0	0	0	0
Ending Balance, 6/30/10	(593,041)	432,395	(12,116)	26,574	943,655	797,466
Fund Balance as % of Exp	-3%	19%	-3%	8%		4%

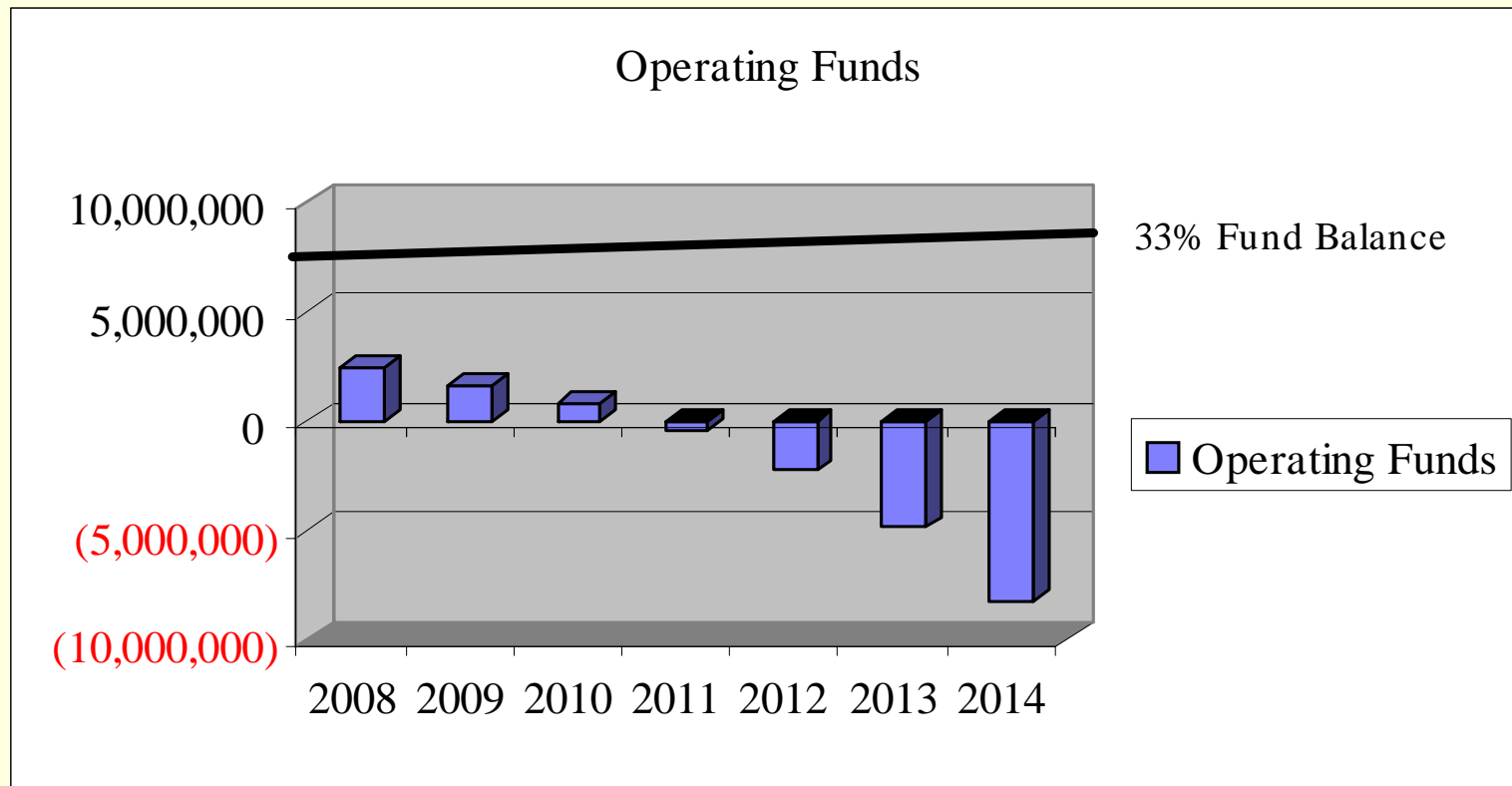
Note: The projections are a decision making tool that are based on assumptions. The key assumptions include EAV, CPI, new construction, state aid on the revenue side and enrollment growth, staffing levels, inflation, special education on the expenditure side. For these reasons, the actual financial results will vary from the projections.

Financial Projections in Operating Funds FY 2007-2014

	Education Fund	O&M Fund	Transportation Fund	IMRF/SS Fund	Working Cash Fund	Total Operat- ing Funds
Beginning Balance, 7/1/10	(593,041)	432,395	(12,116)	26,574	943,655	797,466
Revenues	18,640,804	2,453,384	488,569	356,219	18,873	21,957,848
Expenditures	19,910,887	2,409,058	447,781	367,500	0	23,135,226
Transfers	0	0	0	0	0	0
Other	0	0	0	0	0	0
Ending Balance, 6/30/11	(1,863,124)	476,721	28,671	15,292	962,528	(379,911)
Fund Balance as % of Exp	-9%	20%	6%	4%		-2%
Beginning Balance, 7/1/11	(1,863,124)	476,721	28,671	15,292	962,528	(379,911)
Revenues	19,269,321	2,429,066	513,483	392,419	19,251	22,623,540
Expenditures	21,117,743	2,515,239	483,603	385,875	0	24,502,461
Transfers	0	0	0	0	0	0
Other	0	0	0	0	0	0
Ending Balance, 6/30/12	(3,711,546)	390,548	58,551	21,837	981,779	(2,258,831)
Fund Balance as % of Exp	-18%	16%	12%	6%		-9%
Beginning Balance, 7/1/12	(3,711,546)	390,548	58,551	21,837	981,779	(2,258,831)
Revenues	19,892,054	2,506,398	540,969	407,185	19,636	23,366,242
Expenditures	22,408,970	2,626,272	522,292	405,169	0	25,962,702
Transfers	0	0	0	0	0	0
Other	0	0	0	0	0	0
Ending Balance, 6/30/13	(6,228,462)	270,675	77,228	23,853	1,001,414	(4,855,291)
Fund Balance as % of Exp	-28%	10%	15%	6%		-19%
Beginning Balance, 7/1/13	(6,228,462)	270,675	77,228	23,853	1,001,414	(4,855,291)
Revenues	20,533,895	2,587,014	570,181	422,576	20,028	24,133,694
Expenditures	23,791,728	2,742,386	564,075	425,427	0	27,523,615
Transfers	0	0	0	0	0	0
Other	0	0	0	0	0	0
Ending Balance, 6/30/14	(9,486,294)	115,304	83,334	21,002	1,021,443	(8,245,213)
Fund Balance as % of Exp	-40%	4%	15%	5%		-30%

Note: The projections are a decision making tool that are based on assumptions. The key assumptions include EAV, CPI, new construction, state aid on the revenue side and enrollment growth, staffing levels, inflation, special education on the expenditure side. For these reasons, the actual financial results will vary from the projections.

Financial Projections in Operating Funds FY 2008-2014



Reduce Expenditures

- Belt tightening and reductions in administration and/or supply budgets are helpful in reducing the expenditure side of the equation.
- However, meaningful expenditure reduction must focus on the largest component of the budget: teachers' salaries, benefits, purchased services.
- In order to reduce the budget enough to provide balanced operations into the future, millions must be cut, resulting in program reduction and higher class sizes.

Revenue Enhancements

- Revenue enhancements may come in the form of higher fees for student services and lease agreements. These fee increases will have little impact on the structural deficit facing the District.
- However, a tax rate increase is the most common method of increasing revenues to meet expenditures.
- The District's last tax increase was 8 years ago in 2000.
- Very few school districts under the Tax Limitation Law have been able to survive without an operating tax rate increase. Many school districts have had multiple tax rate increases since the inception of tax caps.

Current Situation – Tax Cap Model

LEVY YEAR	TOTAL EAV	% INCREASE	NEW CONSTRUCTION	% OF INCREASE FROM NEW CONSTR	TOTAL GROWTH	EXISTING PROPERTIES	PRIOR YEAR TAX EXTENSION EXCLUDING B&I	LESSER OF RATE OF INFLATION OR 5%	LIMITING TAX RATE	CAPPED TAX EXTENSION	BUDGET INCREASE POSSIBLE UNDER CAP	DEBT SERVICE EXTENSION	TOTAL MAX EXTENSION UNDER TAX CAP	TAX RATE PRODUCED	TAX YEAR
2004	712,231,390		3,183,519	0.2%		709,047,871	55,992,051	1.9%	2.047	14,577,948		1,606,282	16,184,230	2.272	2004
2005	873,790,952	22.68%	5,629,213	0.8%	161,559,562	868,161,739	14,577,948	3.3%	1.735	15,162,496	4.0%	1,618,793	16,781,289	1.921	2005
2006	877,757,850	0.45%	3,378,482	0.4%	3,966,898	874,379,368	15,162,496	3.4%	1.793	15,743,692	3.8%	4,199,358	19,943,050	2.272	2006
2007	909,444,919	4.00%	4,000,000	0.5%	31,687,069	905,444,919	15,743,692	2.5%	1.782	16,208,574	3.0%	4,058,601	20,267,176	2.229	2007
2008	1,000,389,411	10.00%	4,000,000	0.4%	90,944,492	996,389,411	16,208,574	4.1%	1.693	16,940,863	4.5%	4,372,625	21,313,488	2.131	2008
2009	1,005,391,358	0.50%	4,000,000	0.4%	5,001,947	1,001,391,358	16,940,863	4.3%	1.764	17,739,899	4.7%	4,369,130	22,109,029	2.199	2009
2010	1,045,607,012	4.00%	4,000,000	0.4%	40,215,654	1,041,607,012	17,739,899	3.5%	1.763	18,431,305	3.9%	4,386,825	22,818,130	2.182	2010
2011	1,150,167,713	10.00%	4,000,000	0.4%	104,560,701	1,146,167,713	18,431,305	3.5%	1.664	19,142,975	3.9%	4,390,150	23,533,125	2.046	2011
2012	1,155,918,552	0.50%	4,000,000	0.3%	5,750,839	1,151,918,552	19,142,975	3.5%	1.720	19,881,779	3.9%	4,394,625	24,276,404	2.100	2012
2013	1,202,155,294	4.00%	4,000,000	0.3%	46,236,742	1,198,155,294	19,881,779	3.5%	1.717	20,646,339	3.8%	4,405,050	25,051,389	2.084	2013
2014	1,322,370,824	10.00%	4,000,000	0.3%	120,215,529	1,318,370,824	20,646,339	3.5%	1.621	21,433,796	3.8%	4,411,025	25,844,821	1.954	2014
2015	1,328,982,678	0.50%	4,000,000	0.3%	6,611,854	1,324,982,678	21,433,796	3.5%	1.674	22,250,950	3.8%	4,417,525	26,668,475	2.007	2015
2016	1,382,141,985	4.00%	4,000,000	0.3%	53,159,307	1,378,141,985	22,250,950	3.5%	1.671	23,096,576	3.8%	4,423,175	27,519,751	1.991	2016
2017	1,520,356,183	10.00%	4,000,000	0.3%	138,214,198	1,516,356,183	23,096,576	3.5%	1.576	23,968,015	3.8%	4,428,425	28,396,440	1.868	2017

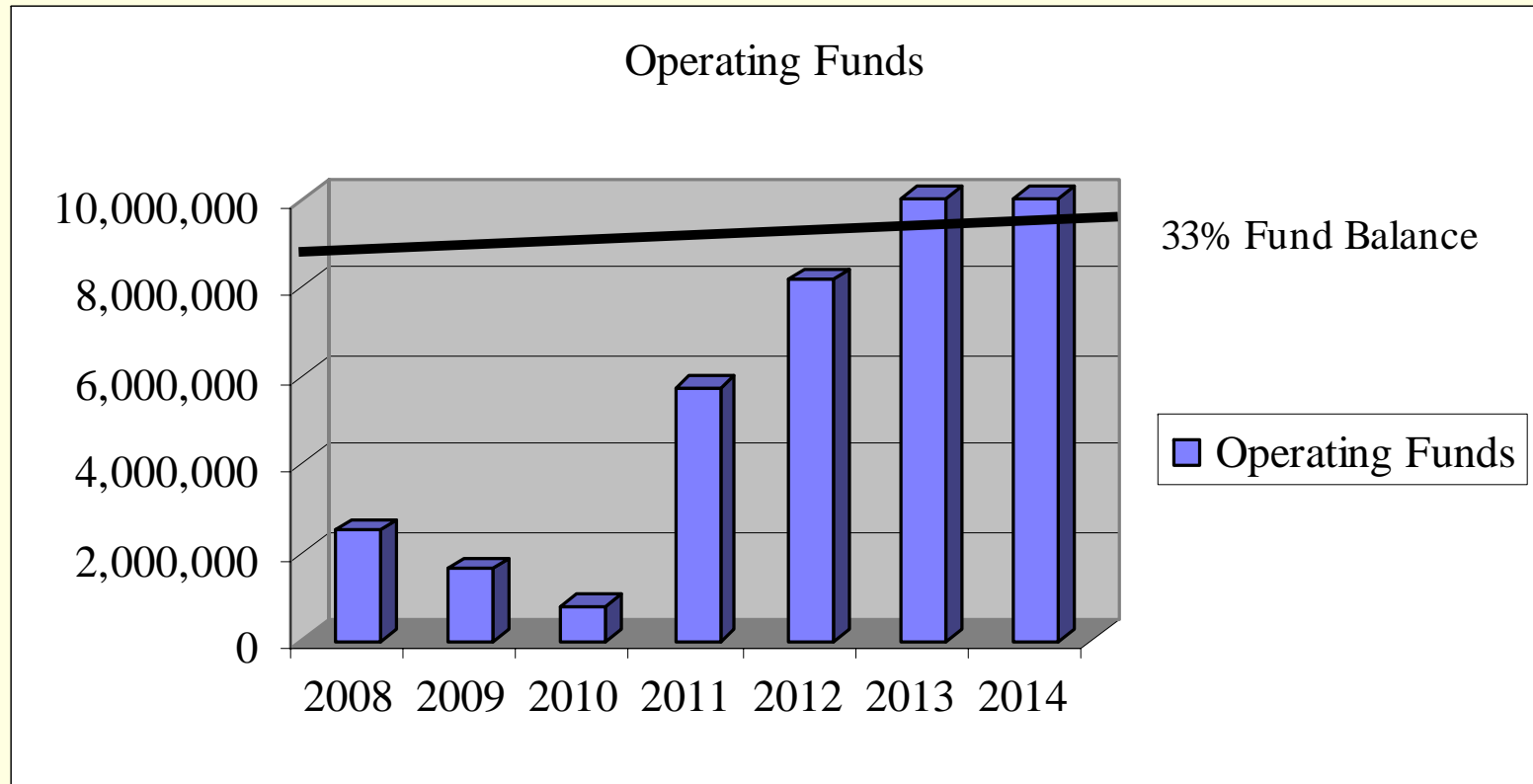
Note: The projections are a decision making tool that are based on assumptions. The key assumptions include EAV, CPI, new construction, state aid on the revenue side and enrollment growth, staffing levels, inflation, special education on the expenditure side. For these reasons, the actual financial results will vary from the projections.

Impact of Operating .40 Tax Rate Referendum February 2010

LEVY YEAR	TOTAL EAV	% INCREASE	LESSER OF RATE OF INFLATION OR 5%	RATE INCREASE (Over 2007)	LIMITING TAX RATE	ADDITIONAL DOLLARS	CAPPED TAX EXTENSION	BUDGET INCREASE POSSIBLE UNDER CAP	DEBT SERVICE EXTENSION	TOTAL MAX EXTENSION UNDER TAX CAF	TAX RATE PRODUCED	TAX YEAR
2004	712,231,390		1.9%		2.047		14,577,948		1,606,282	16,184,230	2.272	2004
2005	873,790,952	22.68%	3.3%		1.735		15,162,496	4.0%	1,618,793	16,781,289	1.921	2005
2006	877,757,850	0.45%	3.4%		1.793		15,743,692	3.8%	4,199,358	19,943,050	2.272	2006
2007	909,444,919	4.00%	2.5%		1.782		16,208,574	3.0%	4,058,601	20,267,176	2.229	2007
2008	1,000,389,411	10.00%	4.1%		1.693		16,940,863	4.5%	4,372,625	21,313,488	2.131	2008
2009	1,005,391,358	0.50%	4.3%	0.400	2.182	4,081,185	21,940,144	29.5%	4,369,130	26,309,274	2.617	2009
2010	1,045,607,012	4.00%	3.5%		2.180		22,795,253	3.9%	4,386,825	27,182,078	2.600	2010
2011	1,150,167,713	10.00%	3.5%		2.058		23,675,424	3.9%	4,390,150	28,065,574	2.440	2011
2012	1,155,918,552	0.50%	3.5%		2.127		24,589,154	3.9%	4,394,625	28,983,779	2.507	2012
2013	1,202,155,294	4.00%	3.5%		2.124		25,534,737	3.8%	4,405,050	29,939,787	2.491	2013
2014	1,322,370,824	10.00%	3.5%		2.005		26,508,638	3.8%	4,411,025	30,919,663	2.338	2014
2015	1,328,982,678	0.50%	3.5%		2.071		27,519,269	3.8%	4,417,525	31,936,794	2.403	2015
2016	1,382,141,985	4.00%	3.5%		2.067		28,565,112	3.8%	4,423,175	32,988,287	2.387	2016
2017	1,520,356,183	10.00%	3.5%		1.950		29,642,881	3.8%	4,428,425	34,071,306	2.241	2017

Note: The projections are a decision making tool that are based on assumptions. The key assumptions include EAV, CPI, new construction, state aid on the revenue side and enrollment growth, staffing levels, inflation, special education on the expenditure side. For these reasons, the actual financial results will vary from the projections. The tax rate increase required in any scenario is dependent on the financial results closer to the time of Board action regarding referendum. The actual rate increase requested could vary significantly from the projection based on actual results.

Impact of Operating .40 Tax Rate Referendum February 2010

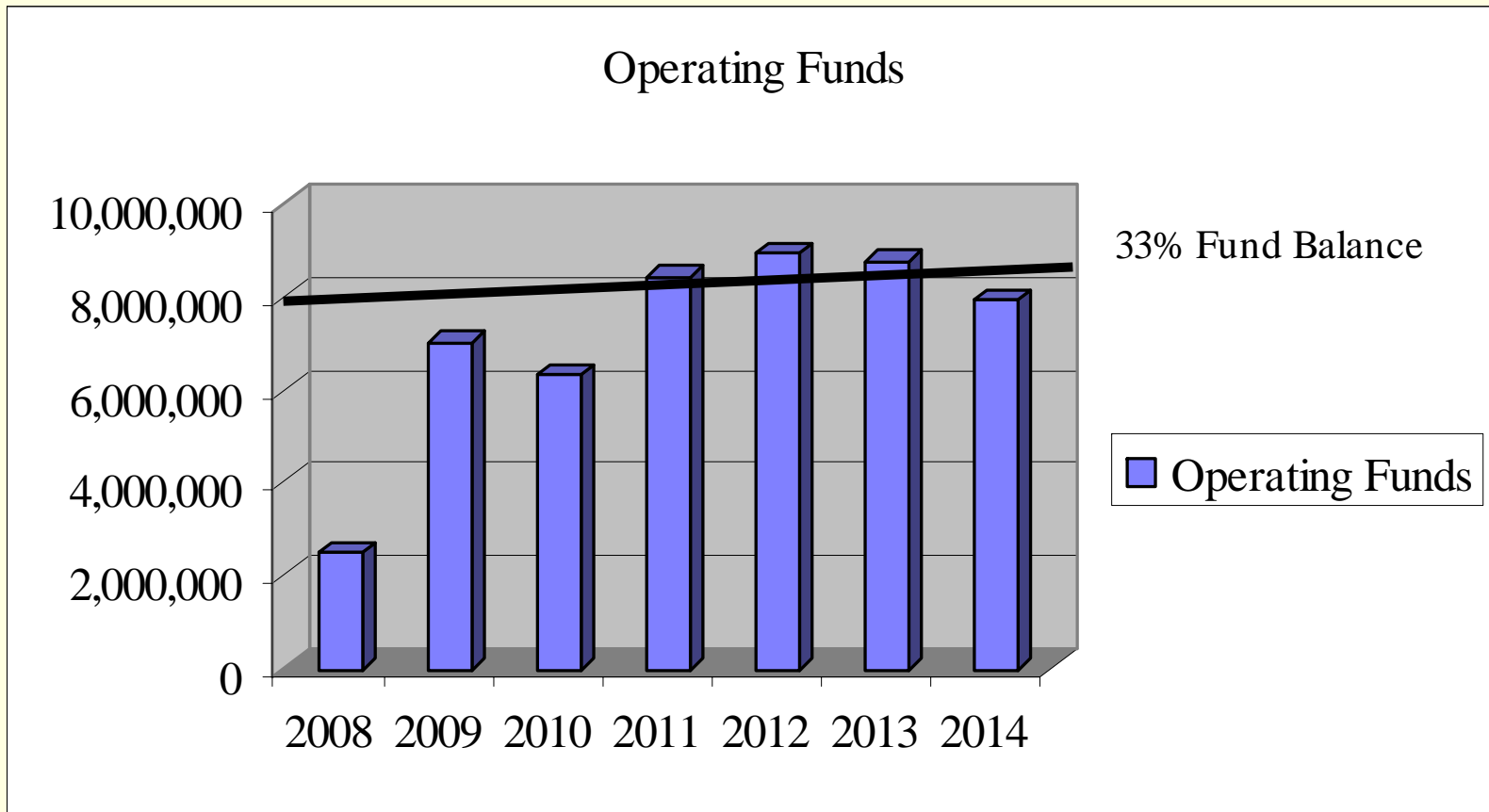


\$4.9M Working Cash Fund Bonds in 2008 AND .20 Tax Rate Increase February 2010

LEVY YEAR	TOTAL EAV	% INCREASE	LESSER OF RATE OF INFLATION OR 5%	RATE INCREASE (Over 2007)	LIMITING TAX RATE	ADDITIONAL DOLLARS	CAPPED TAX EXTENSION	BUDGET INCREASE POSSIBLE UNDER CAP	DEBT SERVICE EXTENSION	TOTAL MAX EXTENSION UNDER TAX CAF	TAX RATE PRODUCED
2004	712,231,390		1.9%		2.047		14,577,948		1,606,282	16,184,230	2.272
2005	873,790,952	22.68%	3.3%		1.735		15,162,496	4.0%	1,618,793	16,781,289	1.921
2006	877,757,850	0.45%	3.4%		1.793		15,743,692	3.8%	4,199,358	19,943,050	2.272
2007	909,444,919	4.00%	2.5%		1.782		16,208,574	3.0%	4,058,601	20,267,176	2.229
2008	1,000,389,411	10.00%	4.1%		1.693		16,940,863	4.5%	5,122,425	22,063,288	2.205
2009	1,005,391,358	0.50%	4.3%	0.200	1.982	2,189,463	19,929,362	17.6%	5,126,930	25,056,292	2.492
2010	1,045,607,012	4.00%	3.5%		1.980		20,706,101	3.9%	5,946,425	26,652,526	2.549
2011	1,150,167,713	10.00%	3.5%		1.870		21,505,606	3.9%	5,948,550	27,454,156	2.387
2012	1,155,918,552	0.50%	3.5%		1.932		22,335,593	3.9%	5,434,625	27,770,218	2.402
2013	1,202,155,294	4.00%	3.5%		1.929		23,194,515	3.8%	4,405,050	27,599,565	2.296
2014	1,322,370,824	10.00%	3.5%		1.821		24,079,160	3.8%	4,411,025	28,490,185	2.154
2015	1,328,982,678	0.50%	3.5%		1.881		24,997,167	3.8%	4,417,525	29,414,692	2.213
2016	1,382,141,985	4.00%	3.5%		1.877		25,947,161	3.8%	4,423,175	30,370,336	2.197
2017	1,520,356,183	10.00%	3.5%		1.771		26,926,153	3.8%	4,428,425	31,354,578	2.062

Note: The projections are a decision making tool that are based on assumptions. The key assumptions include EAV, CPI, new construction, state aid on the revenue side and enrollment growth, staffing levels, inflation, special education on the expenditure side. For these reasons, the actual financial results will vary from the projections. The tax rate increase required in any scenario is dependent on the financial results closer to the time of Board action regarding referendum. The actual rate increase requested could vary significantly from the projection based on actual results.

\$4.9M Working Cash Fund Bonds in 2008 and .20 Tax Rate Increase February 2010



Conclusion

- The District's fund balances have fallen below its target for liquidity, causing the need for short-term borrowing.
- Without adequate fund balance, the District will be forced to continue to borrow Tax Anticipation Warrants which are an added expense to the operating funds.
- Working Cash Fund Bonds allow the District to cure its annual cash flow needs in the most cost effective manner.
- An education tax rate referendum is needed to cure the structural deficit.

Bottom Line

	<u>Option I</u>	<u>Option II</u>	<u>Difference</u>
Short Term Financing	Tax Warrants	Working Cash Fund Bonds	
February, 2010 Operating Rate Referendum	0.40	0.20	
Total Tax Rate Projection			
2007	2.23	2.23	-
2008	2.13	2.21	(0.07)
2009	2.62	2.49	0.12
2010	2.60	2.55	0.05
2011	2.44	2.39	0.05
2012	2.51	2.40	0.10
2013	2.49	2.30	0.19

- The chart above shows the difference in the total tax rate over a five year period given the issuance of working cash bonds in 2008, followed by a .20 tax rate increase in 2010 VERSUS a .40 tax rate in 2010.
- Both of these options result in adequate operating fund balances of 33% of annual expenditures.