PMA Financial Planning Program
Greg Kubitz, Senior Financial Consultant
PMA Securities, Inc.
PMA Financial Network, Inc.
October 28, 2014

Sycamore #427
Financial Planning Program

Process

• What is the Financial Planning Program (FPP)?
  - A comprehensive, interactive planning process that can be dynamically updated to assist the District in making important financial decisions.

• How we use the plan:
  - Budget Planning
  - Trend Analysis
  - Set Fiscal Policies
  - Scenario Analysis
  - Annual Update and Reassessment
Financial Planning Program

*Data Elements*

- Five Years of Audited Annual Financial Reports
- FY2015 Budget
- Tax Levy / Extensions / Maximum Tax Rate
- Equalized Assessed Valuation
- Enrollment
- Staffing Ratios
- Compensation and Benefits Provided
- District Assumptions
Revenues by Source

FY 2015 Budget

Revenue by Source – Operating Funds Budget Total = $41,754,008

REVENUE BY SOURCE DETAIL - FY 2015

- Property Taxes: 63.8%
- Federal: 4.3%
- Other State: 6.3%
- General State Aid: 16.0%
- Other Local: 9.6%
Local Revenue: Tax Base Assumptions

Existing EAV % Change

- Actual
- Projected

Data & Assumptions provided by District
**Local Revenue: Tax Base Assumptions**

*Estimated a 5% increase in new growth per year  
**Every $1 million in new growth ~ $63,000 in revenue*
Local Revenue: Tax Base Assumptions

Consumer Price Index (CPI) - Levy Years

- Actual
- Projected

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2.70%</td>
<td>2.40%</td>
</tr>
<tr>
<td>2011</td>
<td>1.50%</td>
<td>2.40%</td>
</tr>
<tr>
<td>2012</td>
<td>3.00%</td>
<td>2.40%</td>
</tr>
<tr>
<td>2013</td>
<td>1.70%</td>
<td>2.40%</td>
</tr>
<tr>
<td>2014</td>
<td>1.50%</td>
<td>2.40%</td>
</tr>
<tr>
<td>2015</td>
<td>1.50%</td>
<td>2.40%</td>
</tr>
<tr>
<td>2016</td>
<td>2.40%</td>
<td>2.40%</td>
</tr>
<tr>
<td>2017</td>
<td>2.40%</td>
<td>2.40%</td>
</tr>
<tr>
<td>2018</td>
<td>2.40%</td>
<td>2.40%</td>
</tr>
<tr>
<td>2019</td>
<td>2.40%</td>
<td>2.40%</td>
</tr>
<tr>
<td>2020</td>
<td>2.40%</td>
<td>2.40%</td>
</tr>
</tbody>
</table>

Data & Assumptions provided by District
Key Revenue Assumptions

• Other Local Revenue
  - Corporate Personal Property Replacement Taxes (CPPRT)
    - FY16 based on IL Dept of Revenue estimate
    - ~ 16% decrease from FY15 Budget
    - No change in future years
  - Interest Earnings
    - Interest rates remain low
    - Tied to fund balances
Key Revenue Assumptions

- **General State Aid (GSA)**
  - Based on Enrollment (Average Daily Attendance) and Available Local Resources
    - District in Foundation Formula
    - Receives about $2,050 per ADA ($1,830 after proration)
  - FY2015 Proration: 89%, FY2016-2020 Proration: 89%

- **State Mandated Categoricals**
  - Ed Fund Spec Education and Transportation Reimbursement
    - Modeled after FY15 ISBE Estimates
    - 21% Increase over FY15 Budget
  - All Other: No change over FY15 Budgeted levels

- **Federal Revenue**
  - No change
  - With the exception of Fed Spec Ed, timing
General State Aid

General State Aid Revenue (in Millions)

Data & Assumptions provided by District

Expenditures by Object

FY 2015 Budget

Expenditures by Object – Operating Funds Budget Total = $45,082,418

Key Expenditure Assumptions

- **Salaries**
  - Per Contract where applicable
    - Teachers: Current contract through FY2017
    - Custodians: Current contract through FY2017
    - Aides: Current contract through FY2019
    - Future years to be negotiated

- **Health Benefits**
  - 10% annual increases

- **Other Expenses**
  - No change over FY15 Budgeted levels
  - Any one time adjustments accounted for accordingly
Enrollment Assumptions

![Enrollment History and Projections]

**Actual** and **Projected** enrollment data from 2010 to 2020.
Staffing Assumptions

- K – 12 Enrollment Projections
  - Slight increase in enrollment

- Certified Staffing Projections

<table>
<thead>
<tr>
<th></th>
<th>FTE</th>
<th>Retirees</th>
<th>New Hires (Reductions):</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY - 2015</td>
<td>286.34</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>FY - 2016</td>
<td>286.34</td>
<td>4.00</td>
<td>1.00</td>
</tr>
<tr>
<td>FY - 2017</td>
<td>286.34</td>
<td>12.00</td>
<td>4.00</td>
</tr>
<tr>
<td>FY - 2018</td>
<td>286.34</td>
<td>4.00</td>
<td>12.00</td>
</tr>
<tr>
<td>FY - 2019</td>
<td>286.34</td>
<td>0.00</td>
<td>4.00</td>
</tr>
<tr>
<td>FY - 2020</td>
<td>286.34</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Retirees replaced on the salary schedule at BA+36/MA, Step 6 ~ $45,800 + benefits
# Aggregate Revenue and Expenditure Projections

## Aggregate - Projection Summary

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>% chg</th>
<th>FY 2017</th>
<th>% chg</th>
<th>FY 2018</th>
<th>% chg</th>
<th>FY 2019</th>
<th>% chg</th>
<th>FY 2020</th>
<th>% chg</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td>$30,654,956</td>
<td>$29,428,000</td>
<td>-4.00%</td>
<td>$30,236,662</td>
<td>2.75%</td>
<td>$31,192,850</td>
<td>3.16%</td>
<td>$32,183,190</td>
<td>3.17%</td>
<td>$33,207,240</td>
<td>3.18%</td>
</tr>
<tr>
<td>State</td>
<td>$9,309,655</td>
<td>$11,368,649</td>
<td>22.12%</td>
<td>$12,075,741</td>
<td>6.22%</td>
<td>$12,332,315</td>
<td>2.12%</td>
<td>$12,322,865</td>
<td>-0.08%</td>
<td>$11,981,973</td>
<td>-2.77%</td>
</tr>
<tr>
<td>Federal</td>
<td>$1,789,397</td>
<td>$1,847,169</td>
<td>3.23%</td>
<td>$1,847,169</td>
<td>0.00%</td>
<td>$1,847,169</td>
<td>0.00%</td>
<td>$1,847,169</td>
<td>0.00%</td>
<td>$1,847,169</td>
<td>0.00%</td>
</tr>
<tr>
<td>Other</td>
<td>$0</td>
<td>$0</td>
<td></td>
<td>$0</td>
<td></td>
<td>$0</td>
<td></td>
<td>$0</td>
<td></td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>$41,754,008</td>
<td>$42,643,818</td>
<td>2.13%</td>
<td>$44,159,572</td>
<td>3.55%</td>
<td>$45,372,334</td>
<td>2.75%</td>
<td>$46,353,224</td>
<td>2.16%</td>
<td>$47,036,383</td>
<td>1.47%</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary and Benefit Costs</td>
<td>$33,128,434</td>
<td>$34,740,949</td>
<td>4.87%</td>
<td>$36,367,713</td>
<td>4.68%</td>
<td>$37,251,171</td>
<td>2.43%</td>
<td>$38,387,503</td>
<td>3.05%</td>
<td>$39,336,684</td>
<td>2.47%</td>
</tr>
<tr>
<td>Other</td>
<td>$11,953,984</td>
<td>$11,203,350</td>
<td>-6.28%</td>
<td>$11,203,350</td>
<td>0.00%</td>
<td>$11,203,350</td>
<td>0.00%</td>
<td>$11,203,350</td>
<td>0.00%</td>
<td>$11,203,350</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>$45,082,418</td>
<td>$45,944,299</td>
<td>1.91%</td>
<td>$47,571,063</td>
<td>3.54%</td>
<td>$48,454,521</td>
<td>1.86%</td>
<td>$49,590,853</td>
<td>2.35%</td>
<td>$50,540,034</td>
<td>1.91%</td>
</tr>
<tr>
<td><strong>SURPLUS / DEFICIT</strong></td>
<td>($3,328,410)</td>
<td>($3,300,482)</td>
<td></td>
<td>($3,411,491)</td>
<td></td>
<td>($3,082,187)</td>
<td></td>
<td>($3,237,629)</td>
<td></td>
<td>($3,503,651)</td>
<td></td>
</tr>
<tr>
<td><strong>SURPLUS / DEFICIT INCL. OTHER FIN. SOURCES</strong></td>
<td>($4,943,041)</td>
<td>($3,356,222)</td>
<td></td>
<td>($3,473,520)</td>
<td></td>
<td>($3,144,684)</td>
<td></td>
<td>($3,305,063)</td>
<td></td>
<td>($3,574,886)</td>
<td></td>
</tr>
<tr>
<td><strong>BEGINNING FUND BALANCE</strong></td>
<td>$15,171,840</td>
<td>$10,228,799</td>
<td></td>
<td>$6,872,577</td>
<td></td>
<td>$3,399,057</td>
<td></td>
<td>$254,373</td>
<td></td>
<td>($3,050,691)</td>
<td></td>
</tr>
<tr>
<td><strong>PROJECTED YEAR END BALANCE</strong></td>
<td>$10,228,799</td>
<td>$6,872,577</td>
<td></td>
<td>$3,399,057</td>
<td></td>
<td>$254,373</td>
<td></td>
<td>($3,050,691)</td>
<td></td>
<td>($6,625,577)</td>
<td></td>
</tr>
<tr>
<td><strong>FUND BALANCE AS % OF EXPENDITURES</strong></td>
<td>22.69%</td>
<td>14.96%</td>
<td>7.15%</td>
<td>0.52%</td>
<td>-6.15%</td>
<td>-13.11%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FUND BALANCE AS # OF MONTHS OF EXPEND.</strong></td>
<td>2.72</td>
<td>1.80</td>
<td>0.86</td>
<td>0.06</td>
<td>(0.74)</td>
<td>(1.57)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Data & Assumptions provided by District
Aggregate Revenue and Expenditure Projections

**REVENUES VS. EXPENDITURES**

- **FY 2015**: Revenues ($2,800,000), Expenditures ($3,600,000)
- **FY 2016**: Revenues ($2,900,000), Expenditures ($3,500,000)
- **FY 2017**: Revenues ($3,000,000), Expenditures ($3,300,000)
- **FY 2018**: Revenues ($3,100,000), Expenditures ($3,300,000)
- **FY 2019**: Revenues ($3,200,000), Expenditures ($3,300,000)
- **FY 2020**: Revenues ($3,300,000), Expenditures ($3,300,000)

**FY SURPLUS / DEFICIT**

- **FY 2015**: Surplus ($3,328,410)
- **FY 2016**: Surplus ($3,300,482)
- **FY 2017**: Surplus ($3,082,187)
- **FY 2018**: Surplus ($3,237,629)
- **FY 2019**: Surplus ($3,503,651)
- **FY 2020**: Surplus ($3,503,651)
Eleven Year Perspective

Projected Year-End Balances
(Educational, Operations and Maintenance, Transportation, IMRF, and Working Cash Funds.)

Data & Assumptions provided by District
Scenario: 100% of GSA

Projected Year-End Balances
(Educational, Operations and Maintenance, Transportation, IMRF, and Working Cash Funds.)

Data & Assumptions provided by District
The information contained herein is solely intended to suggest/discuss potentially applicable financing applications and is not intended to be a specific buy/sell recommendation, nor is it an official confirmation of terms. Any terms discussed herein are preliminary until confirmed in a definitive written agreement.

The analysis or information presented herein is based upon hypothetical projections and/or past performance that have certain limitations. No representation is made that it is accurate or complete or that any results indicated will be achieved. In no way is past performance indicative of future results. Changes to any prices, levels, or assumptions contained herein may have a material impact on results. Any estimates or assumptions contained herein represent our best judgment as of the date indicated and are subject to change without notice. Examples are merely representative and are not meant to be all-inclusive.

The information set forth herein was gathered from sources which we believe, but do not guarantee, to be accurate. Neither the information, nor any options expressed, constitute a solicitation by us for purposes of sale or purchase of any securities or commodities. Investment/financing decisions by market participants should not be based on this information.

You should consider certain economic risks (and other legal, tax, and accounting consequences) prior to entering into any type of transaction with PMA Securities, Inc. or PMA Financial Network, Inc. It is imperative that any prospective client perform its own research and due diligence, independent of us or our affiliates, to determine suitability of the proposed transaction with respect to the aforementioned potential economic risks and legal, tax, and accounting consequences. Our analyses are not and do not purport to be appraisals of the assets, or business of the District or any other entity. PMA makes no representations as to the actual value which may be received in connection with a transaction nor the legal, tax, or accounting effects of consummating a transaction. PMA cannot be relied upon to provide legal, tax, or accounting advice. You should seek out independent and qualified legal, tax, and accounting advice from outside sources.

If posted on a webpage, this information has been prepared for informational and educational purposes and does not constitute a solicitation to purchase or sell securities, which may be done only after client suitability is reviewed and determined. Services offered by PMA Securities, Inc. and this registered representative presenter, in particular, are available only in the following state: IL. This information is not an advertisement of services available in any state other than those listed above.