

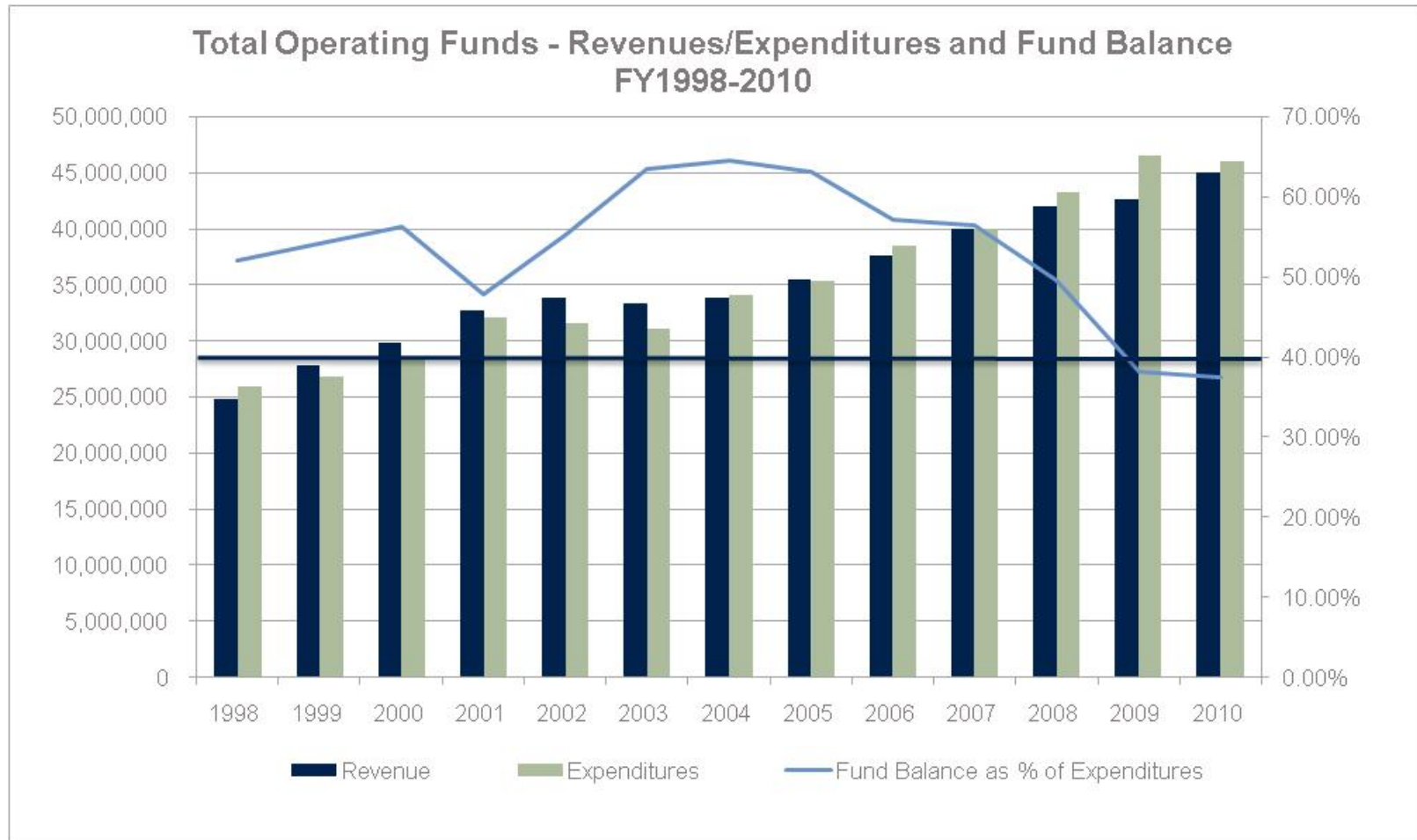
# Wilmette School District 39, Cook County, IL

## Board Meeting

*January 18, 2011*

*William Blair & Company®*

# Financial History Total Operating Funds



Source: Annual Financial Reports FY1998-2009 and unaudited FY 2010.

*William Blair & Company®*

# Assumptions - Financial Projections

- What is the historical average of new construction in the District 2000-2009:

<u>Levy Year</u>	<u>Total EAV</u>	<u>% Change</u>	<u>New Construction</u>	<u>New Construction as % of Total EAV</u>
2000	813,803,434	-8.2%	8,631,519	1.1%
2001	1,047,539,224	28.7%	12,968,221	1.2%
2002	1,124,511,206	7.3%	8,531,346	0.8%
2003	1,117,804,643	-0.6%	8,645,855	0.8%
2004	1,394,801,400	24.8%	15,579,466	1.1%
2005	1,519,929,101	9.0%	43,562,797	2.9%
2006	1,513,438,648	-0.4%	20,801,637	1.4%
2007	1,924,556,954	27.2%	28,513,589	1.5%
2008	2,056,727,813	6.9%	15,229,203	0.7%
2009	2,192,942,942	6.6%	20,099,768	0.9%
Ten Year Average			18,256,340	
Ten Year Average without 2005 levy year			15,444,512	

Note: 2009 numbers draft

# CPI Assumption

- 3-What are the Fed's projections on CPI?

*For reference we have the combined view of 57 major bank institutions as reported on Bloomberg through 2012.(below).*

Country	United States			
Indicator	Consumer Prices (yoy %)			
Period	Yearly			
	As of	14-Jan-11		
		<b>2010</b>	<b>2011</b>	<b>2012</b>
Median		1.60	1.70	1.95
Mean		1.60	<b>1.70</b>	<b>2.00</b>

# CPI Assumption

- Mean Bloomberg Consensus Projection:
  - 2010 – 1.60% (2011 Levy Year)
  - 2011 – 1.70% (2012 Levy Year)
  - 2012 – 2.00% (2013 Levy Year)
  - 2% assumed thereafter
  
- Final CPI for Property Tax Limitation Law uses Dec 2009-Dec 2010 for levy 2011. Final increase is 1.50% as shown below.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2009</b>	211.1	212.2	212.7	213.2	213.9	215.7	215.4	215.8	216.0	216.2	216.3	215.9
<b>2010</b>	216.7	216.7	217.6	218.0	218.2	218.0	218.0	218.3	218.4	218.7	218.803	219.179
<b>Value Change</b>	5.5	4.5	4.9	4.8	4.3	2.3	2.7	2.5	2.5	2.5	2.5	3.2
<b>Change as a %</b>	2.6%	2.1%	2.3%	2.2%	2.0%	1.1%	1.2%	1.1%	1.1%	1.2%	1.1%	<b>1.5%</b>

# Revised EAV Assumptions

TAX YEAR	NEW CONSTRUCTION	% OF INCREASE FROM NEW CONSTR	GROWTH IN EXISTING PROPERTIES	% OF INCREASE IN EXISTING PROPERTIES	EXISTING PROPERTIES	TOTAL EAV	% INCREASE
2006	20,801,637				1,492,637,011	1,513,438,648	
2007	28,513,589	1.88%	382,604,717	25.28%	1,896,043,365	1,924,556,954	27.16%
2008	15,229,203	0.79%	116,941,656	6.08%	2,041,498,610	2,056,727,813	6.87%
2009	20,099,768	0.98%	116,115,361	5.65%	2,172,843,174	2,192,942,942	6.62%
2010	15,444,512	0.70%	(249,118,318)	-11.36%	1,943,824,624	1,959,269,135	-10.66%
2011	15,444,512	0.79%	0	0.00%	1,959,269,135	1,974,713,647	0.79%
2012	15,444,512	0.78%	(29,620,705)	-1.50%	1,945,092,942	1,960,537,454	-0.72%
2013	15,444,512	0.79%	98,026,873	5.00%	2,058,564,326	2,074,008,838	5.79%
2014	15,444,512	0.74%	0	0.00%	2,074,008,838	2,089,453,350	0.74%
2015	15,444,512	0.74%	(31,341,800)	-1.50%	2,058,111,549	2,073,556,061	-0.76%
2016	15,444,512	0.74%	103,677,803	5.00%	2,177,233,864	2,192,678,375	5.74%
2017	15,444,512	0.70%	0	0.00%	2,192,678,375	2,208,122,887	0.70%

# Assumptions on State Revenue

---

- Assumes District receives full amount of General State Aid (\$1,435,555).
- In FY11, assumes the District will receive only 1 FY11 categorical payment (1/4<sup>th</sup> of \$1,889,069 or \$472,267) plus remaining FY10 payments. In December 2010, the District received remaining categorical payments .

# FY12 Proposed Reductions: \$1,785,738

	Education <u>Fund</u>	O&M <u>Fund</u>	Trans <u>Fund</u>	<u>Total</u>
Salaries	647,637	215,300	0	862,937
Benefits	61,600	16,800	0	78,400
Purchased Services	116,200			116,200
Supplies	361,928	0	0	361,928
Capital (Equip)	<u>296,273</u>	<u>0</u>	<u>70,000</u>	<u>366,273</u>
Total	1,483,638	232,100	70,000	1,785,738

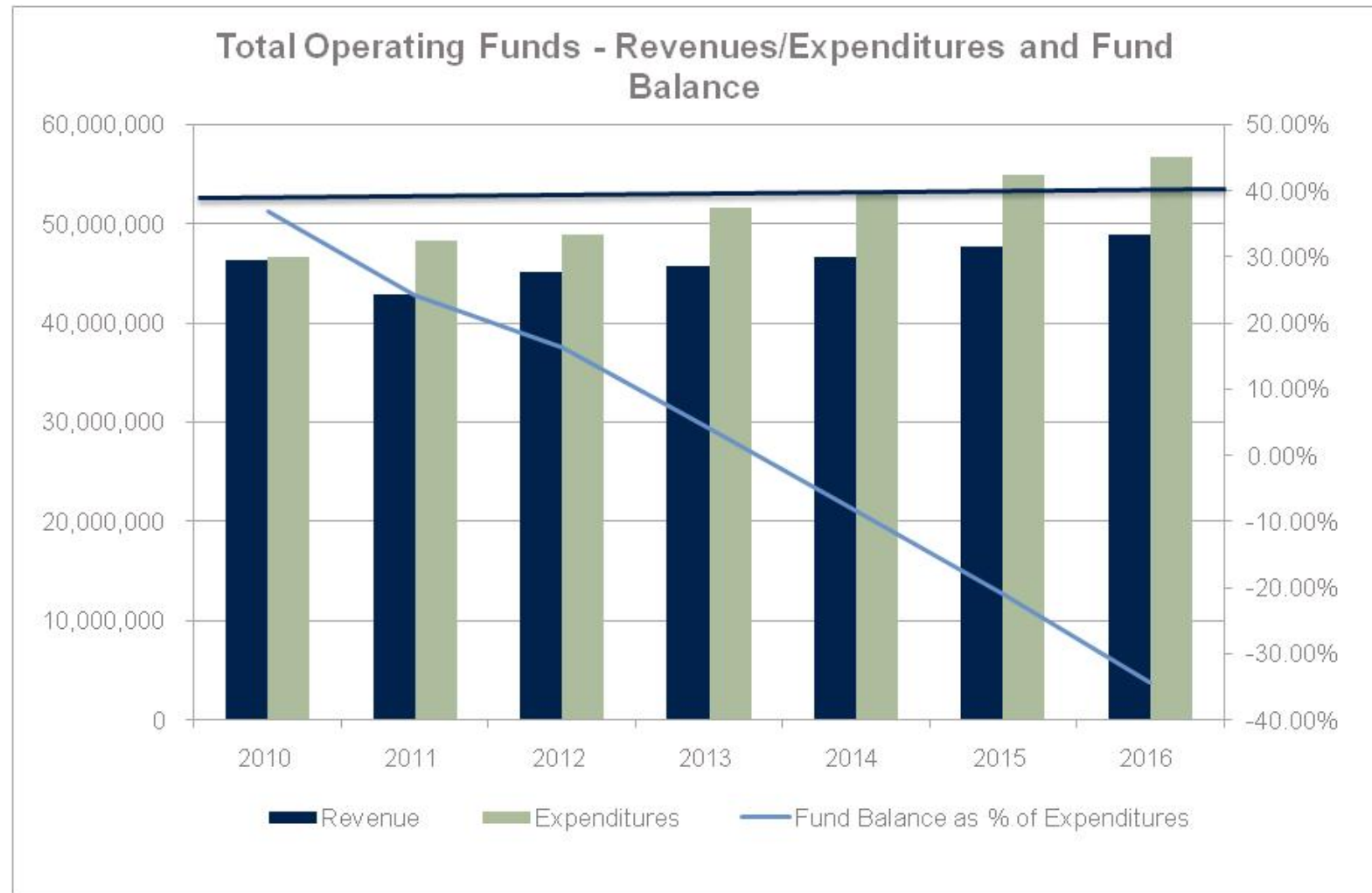


# Financial Projection – Operating Funds with FY12 Permanent Cuts \$1.785M

Revenues	Actual		Projected				
	2010	2011	2012	2013	2014	2015	2016
<b>Local</b>							
Total Property Taxes	37,039,252	34,988,269	36,772,946	37,303,649	38,390,524	39,448,446	40,535,865
CPPRT	374,135	312,211	312,211	312,211	312,211	318,455	324,824
Earnings on Investments	335,122	265,583	121,753	79,680	23,724	23,992	23,145
Other Local Revenue	<u>3,777,389</u>	<u>3,461,242</u>	<u>3,467,923</u>	<u>3,474,692</u>	<u>3,480,481</u>	<u>3,486,328</u>	<u>3,492,233</u>
<b>Total Local Revenue</b>	<b>41,525,898</b>	<b>39,027,305</b>	<b>40,674,834</b>	<b>41,170,232</b>	<b>42,206,940</b>	<b>43,277,221</b>	<b>44,376,068</b>
	10.9%	-6.0%	4.2%	1.2%	2.5%	2.5%	2.5%
<b>State</b>							
GSA	1,086,567	1,435,555	1,309,403	1,287,534	1,273,023	1,254,342	1,254,342
Categoricals	<u>1,523,699</u>	<u>1,120,966</u>	<u>1,974,271</u>	<u>1,974,271</u>	<u>1,974,271</u>	<u>1,974,271</u>	<u>1,974,271</u>
<b>Total State Revenue</b>	<b>2,610,266</b>	<b>2,556,520</b>	<b>3,283,674</b>	<b>3,261,805</b>	<b>3,247,294</b>	<b>3,228,613</b>	<b>3,228,613</b>
	-24.9%	-2.1%	28.4%	-0.7%	-0.4%	-0.6%	0.0%
<b>Federal</b>							
	2,249,264	1,215,572	1,215,572	1,215,572	1,215,572	1,215,572	1,215,572
<b>Total Revenue</b>	<b>46,385,428</b>	<b>42,799,397</b>	<b>45,174,080</b>	<b>45,647,609</b>	<b>46,669,806</b>	<b>47,721,406</b>	<b>48,820,254</b>
	8.9%	-7.7%	5.5%	1.0%	2.2%	2.3%	2.3%
<b>Expenditures</b>							
Salary Costs	32,534,849	33,551,691	34,471,004	36,307,304	36,924,529	37,663,019	38,416,280
	2.1%	3.1%	2.7%	5.3%	1.7%	2.0%	2.0%
Benefits	5,531,876	6,122,699	6,580,210	7,158,054	7,789,674	8,480,246	9,235,456
	10%	11%	7%	9%	9%	9%	9%
Purchased Services	2,575,158	2,463,155	2,242,009	2,343,711	2,421,920	2,548,911	2,682,606
		-4%	-9%	5%	3%	5%	5%
Supplies and Materials	3,118,170	3,321,767	3,038,843	3,107,944	3,216,722	3,329,308	3,445,833
Capital Outlay	1,921,054	1,982,073	1,662,498	1,697,019	1,756,415	1,817,889	1,881,515
Tuition and Other Objects	942,253	860,594	903,524	948,600	996,000	1,045,769	1,098,025
Non-Capitalized Equipment	39,745	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
Total Non-Salary/Benefit Costs	8,596,380	8,627,589	7,846,874	8,097,274	8,391,057	8,741,877	9,107,980
	-10%	0.4%	-9.0%	3.2%	3.6%	4.2%	4.2%
<b>Total Expenditures</b>	<b>46,663,105</b>	<b>48,301,979</b>	<b>48,898,087</b>	<b>51,562,633</b>	<b>53,105,259</b>	<b>54,885,142</b>	<b>56,759,716</b>
	0.4%	3.5%	1.2%	5.4%	3.0%	3.4%	3.4%
<b>Excess / Deficit</b>	<b>(277,677)</b>	<b>(5,502,582)</b>	<b>(3,724,007)</b>	<b>(5,915,023)</b>	<b>(6,435,453)</b>	<b>(7,163,736)</b>	<b>(7,939,462)</b>
<b>Total Other Financing Sources and Uses</b>	-	0	0	0	0	0	0
<b>Beginning Fund Balance</b>	<b>17,460,552</b>	<b>17,182,875</b>	<b>11,680,293</b>	<b>7,956,286</b>	<b>2,041,263</b>	<b>(4,394,191)</b>	<b>(11,557,927)</b>
<b>Ending Fund Balance</b>	<b>17,182,875</b>	<b>11,680,293</b>	<b>7,956,286</b>	<b>2,041,263</b>	<b>(4,394,191)</b>	<b>(11,557,927)</b>	<b>(19,497,388)</b>
<b>Fund Balance as % of Expenditures</b>	<b>36.82%</b>	<b>24.18%</b>	<b>16.27%</b>	<b>3.96%</b>	<b>-8.27%</b>	<b>-21.06%</b>	<b>-34.35%</b>

*William Blair & Company®*

# Financial Projection Operating Funds



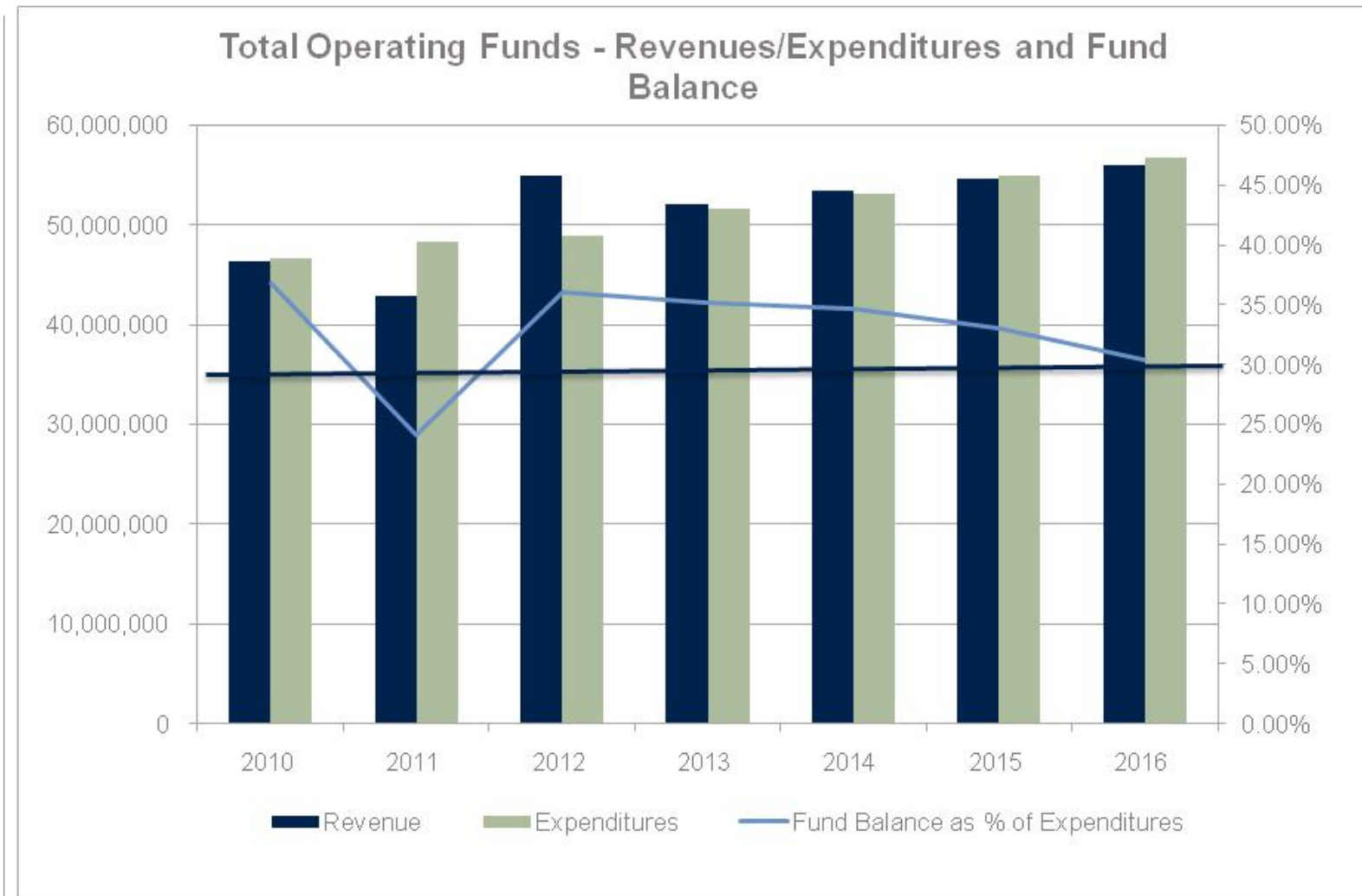
# Current Projection of Operating Tax Revenues

TAX YEAR	TOTAL EAV	% INCREASE	PRIOR YEAR TAX EXTENSION (EXCLUDING B&I)	LESSER OF RATE OF INFLATION OR 5%	LIMITING TAX RATE	CAPPED TAX EXTENSION	Tax Extension INCREASE POSSIBLE UNDER CAP
2006	1,513,438,648		31,350,057	3.40%	2.172	32,872,928	
2007	1,924,556,954	27.16%	32,872,928	2.50%	1.777	34,211,128	4.1%
2008	2,056,727,813	6.87%	34,211,128	4.10%	1.744	35,909,172	5.0%
2009	2,192,942,942	6.62%	35,909,172	0.10%	1.655	36,283,558	1.0%
2010	1,959,269,135	-10.66%	36,283,558	2.70%	1.917	37,559,286	3.5%
2011	1,974,713,647	0.79%	37,559,286	1.50%	1.946	38,423,189	2.3%
2012	1,960,537,454	-0.72%	38,423,189	1.70%	2.009	39,386,659	2.5%
2013	2,074,008,838	5.79%	39,386,659	2.00%	1.952	40,475,803	2.8%
2014	2,089,453,350	0.74%	40,475,803	2.00%	1.991	41,592,758	2.8%
2015	2,073,556,061	-0.76%	41,592,758	2.00%	2.061	42,742,977	2.8%
2016	2,192,678,375	5.74%	42,742,977	2.00%	2.002	43,907,104	2.7%
2017	2,208,122,887	0.70%	43,907,104	2.00%	2.042	45,100,698	2.7%

## 5 Year Solution with 30% Fund Balance in FY2016

TAX YEAR	TOTAL EAV	% INCREASE	PRIOR YEAR TAX EXTENSION (EXCLUDING B&I)	LESSER OF RATE OF INFLATION OR 5%	LIMITING TAX RATE	Estimated Tax Rate Increase Over 2009	CAPPED TAX EXTENSION	\$\$ Increase Over 2009
2006	1,513,438,648		31,350,057	3.40%	2.172		32,872,928	
2007	1,924,556,954	27.16%	32,872,928	2.50%	1.777		34,211,128	
2008	2,056,727,813	6.87%	34,211,128	4.10%	1.744		35,909,172	
2009	2,192,942,942	6.62%	35,909,172	0.10%	1.655		36,283,558	
2010	1,959,269,135	-10.66%	36,283,558	2.70%	2.242	0.588	43,933,558	7,650,000
2011	1,974,713,647	0.79%	43,933,558	1.50%	2.276		44,944,075	
2012	1,960,537,454	-0.72%	44,944,075	1.70%	2.350		46,071,058	
2013	2,074,008,838	5.79%	46,071,058	2.00%	2.283		47,345,043	
2014	2,089,453,350	0.74%	47,345,043	2.00%	2.328		48,651,560	
2015	2,073,556,061	-0.76%	48,651,560	2.00%	2.411		49,996,985	
2016	2,192,678,375	5.74%	49,996,985	2.00%	2.342		51,358,678	
2017	2,208,122,887	0.70%	51,358,678	2.00%	2.389		52,754,840	

# 5 Year Solution with 30% Fund Balance in FY2016



# Estimated Impact of Tax Increase on Homeowners

## Assumptions

Operating Fund Balance Practice	35%
Operating Fund Balance Target in Final Year (FY2016)	30%

### D39 Estimated 2010 Levy for FY2012 per Tax Cap (does not require voter approval)

	<u>Dollars</u>
CPI Increase (2.7%) Plus New Construction	1,275,728
Tax Rate on 2009 Equalized Assessed Valuation	0.06
Percent Increase over 2009 Wilmette Total Tax Rate (1)	1.2%
Scheduled Tax Request per \$1,000 of taxes paid that doesn't require approval	\$12

### D39 Additional Tax Request for FY2012 (requires voter approval)

	<u>Dollars</u>
Additional Tax Request	6,374,272
Tax Rate on 2009 Equalized Assessed Valuation	0.29
Percent Increase over 2009 Wilmette Total Tax Rate (1)	5.8%
Additional Tax Request per \$1,000 of taxes paid that requires approval	\$58

### D39 Total Tax Request for FY2012

	<u>Dollars</u>
Total Tax Request	7,650,000
Tax Rate on 2009 Equalized Assessed Valuation	0.35
Percent Increase over 2009 Wilmette Total Tax Rate (1)	7.0%
Total Tax Request per \$1,000 of taxes paid (CPI Increase + Referendum Request)	\$70

(1) Total Tax Rate in 2009 (all of Wilmette) is 5.002.

# Form of the Question

Shall the limiting rate under the Property Tax Extension Limitation Law for Wilmette School District Number 39, Cook County, Illinois, be increased by an additional amount equal to 0.588% above the limiting rate for any purpose of said School District for levy year 2009 and be equal to 2.243% of the equalized assessed value of the taxable property therein for levy year 2010?

- (1) The approximate amount of taxes extendable at the most recently extended limiting rate is \$36,293,206, and the approximate amount of taxes extendable if the proposition is approved is \$49,187,710.
- (2) For the 2010 levy year the approximate amount of the additional tax extendable against property containing a single family residence and having a fair market value at the time of the referendum of \$100,000 is estimated to be \$58.80.
- (3) If the proposition is approved, the aggregate extension for 2010 will be determined by the limiting rate set forth in the proposition, rather than the otherwise applicable limiting rate calculated under the provisions of the Property Tax Extension Limitation Law (commonly known as the Property Tax Cap Law).

# Data for Form of the Question

Wilmette SD 39				
2009 EAV	2,192,942,942	Estimated 2010 EAV	1,959,269,135	
2009 Limiting Rate	1.655	2009 Limiting Rate	1.655	
2009 Aggregate Ext Base	36,293,206	2009 Aggregate Ext Base (rate sheet)	36,283,558	
Funds Needed	7,650,000	Funds Needed	7,650,000	
Rate Increase Needed Over 2009	0.588	Rate Increase Needed Over 2009	0.588	
2010 Proposed Lim Rate	2.243	2010 Proposed Lim Rate	2.243	
2010 Prop. Agg. Extension (calculated on 2009 EAV because statute uses last known EAV for Question)	49,187,710	2010 Prop. Agg. Extension (calculated on 2010 est EAV)	43,933,558	Amount District will Amend 2010 Tax Levy to if Referendum is successful per Intent Resolution
		Est Tax Increase Over 2009 from CPI	1,275,728	
		Est Tax Increase Over 2009 From Referendum	6,374,272	
Est Tax Increase Over 2009	12,894,504	Est Total Tax Increase Over 2009	7,650,000	
				Difference from 2009 Taxes
	Fair Market Value		100,000	
	Equalized Assessed Value		\$10,000	
	2009 Limiting Rate		1.655	
	2009 Extension for \$100,000 Home		\$165.50	
	2010 Extension at new Limiting Rate		\$224.30	\$58.80

The est. increase and \$49.1M above are calculated on the 2009 EAV per legal requirement. The 2010 EAV is expected to go down so the actual total increase is expected to be \$7.65M.