

Comprehensive Planning Process

Financial Briefing



NORTHFIELD TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 225

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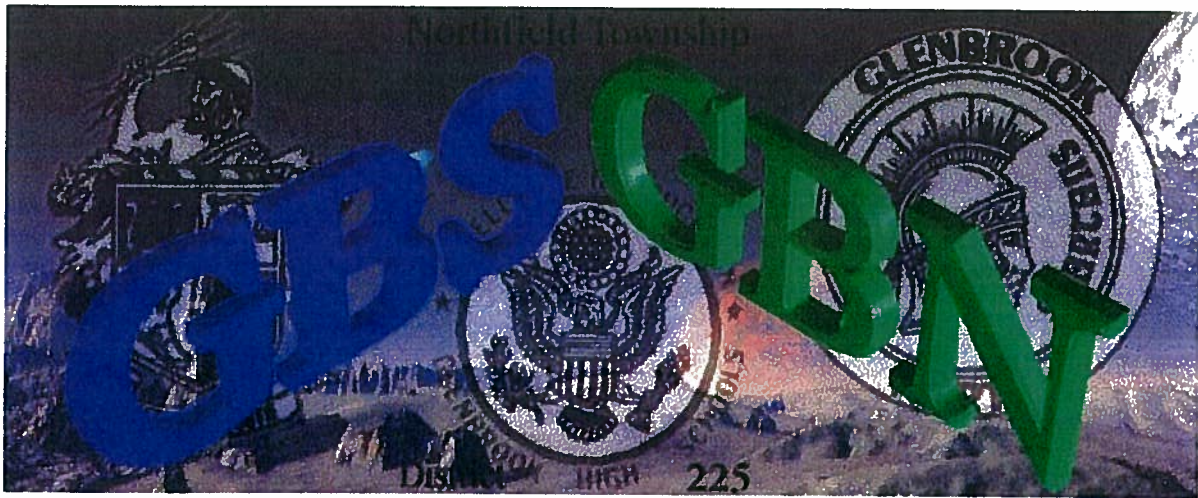
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TABLE OF CONTENTS

Financial Briefing

SECTION	PAGE
1 - <i>Executive Summary</i>	1-4
2 - <i>Budget and Three-Year Plan</i>	
Chart 1: Budget Summary	5
Three-Year Plan	6-8
3 - <i>Enrollment</i>	
Chart 2: Enrollment Data - District	9
Chart 3: Enrollment Data – Increases/Decreases By School	10
Chart 4: The Glen – Enrollment & Make-Whole Payments	11
4 - <i>Reserves and Projections</i>	
Assumptions	12-13
Chart 5: District Operating Revenues and Expenditures	14
Chart 6: Projected Surplus and Deficits – Operating Funds	15
Chart 7: District Operating Reserves	16
5 - <i>Taxes</i>	
Chart 8: District Tax Rates	17
Chart 9: District Tax Extensions	18
Chart 10: Tax Extensions in Relationship to the Tax Cap CPI	19
6 - <i>Appendix</i>	
Appendix “A” - Significant Events and Trends	20-22
Appendix “B” - District Efficiency Initiatives	23-26
Appendix “C” - Summary of Findings	27-28

Comprehensive Planning Process Financial Briefing



Section 1

Executive Summary

EXECUTIVE SUMMARY

The Financial Briefing was prepared with input from staff, administration and the Board. The purpose of these materials is to provide a snapshot of the district's financial data as well as support the district's mission and vision statements. As much as possible, these materials reflect an attempt to be sensitive to the conditions of the community, the economy and current legislation, while being realistic about growth needs and expectations for quality educational programs. Resources to programs are based on various guidelines approved by the Board of Education.

The following schedule compares the proposed 2005/06 expenditures for all operating funds with the actual expenditures for 2004/05.

<i>TOTAL BUDGET FOR ALL OPERATING FUNDS</i>		
	<i>2004-05</i>	<i>2005-06</i>
Education	66,294,279	69,045,297
Operations & Maintenance	6,687,637	6,821,991
Transportation	1,843,020	1,873,355
IMRF/SS	2,018,255	2,287,428
TOTAL:	76,843,191	80,028,071

The increase of \$3.2M in the operating budget represents a 4% overall increase. This is largely due to increases in employee pensions and benefits, as well as increases in special education tuition costs. Employer contribution rates have significantly increased for both the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Costs for employee health benefits have experienced moderate increases, which are relatively low compared to industry averages. There are approximately 760 employees in the school district and their salaries and benefits represent approximately 71% of the total budget. The district is currently in the midst of a five-year contract with the teachers union that expires June 30, 2008.

The district operates on a cash basis but reports annually on an accrual basis to be in compliance with GASB 34. The majority of the district's revenue is from property taxes. These are received in two installments, September and March. In order to meet cash flow requirements, maintain funds for initiating new programs and meet the special needs of students, the district attempts to maintain its reserves in the operating funds at a level equal to approximately thirty-three percent of next years operating budget. The district's operating fund reserves at the end of 2004/05 are \$35,323,000 or 44.1% of next year's

operating budget. The most current projections indicate that the district will dip below the standard of 33% fund reserves beginning with the 2009 school year.

The remainder of the Executive Summary is dedicated to providing:

- ❖ A look back at what has occurred in the district over the past ten years
- ❖ A look forward at what may happen in the district over the next ten years
- ❖ Financial Strategies

A Look Back – 1997 - 2006

Following are observations regarding the changes that have taken place in the district over the last ten years:

Student Fees:

- ❖ In 1996/97 a sophomore who purchased a bus pass and took drivers education paid \$335 in combined fees
- ❖ In 2005/06, this same student paid \$900, or an increase of 169 %
- ❖ In 1996/97 a junior purchased a parking pass for \$30
- ❖ In 2005/06 this same student paid \$225 for a parking pass, or an increase of 650 %
- ❖ In 1996/97 we did not have the \$25 materials fee, implemented in 2004/05

Student Transportation:

- ❖ In 1996/97 Ryder Bus Company was the transportation vendor for the district. Service included all administration.
- ❖ In 2005/06, the District is not only responsible for the administration of student transportation, but also subsidizes the program at a cost of \$130,000

Free and Reduced:

- ❖ In 1996/97 the district spent approximately \$30,000 for students who qualified for free books and transportation
- ❖ In 2005/06 that amount will exceed \$200,000

Building Operating Budgets:

- ❖ In 1996/97 the district allocated \$3,444,145, (an increase of 2.7%, from the previous year, plus an adjustment for enrollment) for GBN and GBS operations, based on student enrollment. This equated to \$832 per pupil.
- ❖ In 2005/06 the district allocated \$4,536,617, adjusted for inflation, (an across the board reduction of 10% from the previous year) for GBN and GBS operations. This equates to \$779 per pupil.

A Look Forward – 2006 - 2015

Following are observations regarding the changes that may/will take place in the district over the next ten years:

- ❖ Between 35-40 staff members will retire at the end of the 2007/08 school year
- ❖ The privatization of navy housing at The Glen will generate an additional 100 students at Glenbrook South
- ❖ The number of students residing in The Glen will exceed the original projections done by The Glen's redevelopment consultant
- ❖ By 2015, it is likely that additions will have to be built at Glenbrook South and/or Glenbrook North to accommodate increases in enrollment
- ❖ By 2015, the current attendance boundaries may have to be changed to accommodate the increases in enrollment
- ❖ In order to maintain current board policy with regard to reserves, the district will need to make significant cuts in staff and curricular/extra-curricular programs beginning in FY2009
- ❖ Based on current enrollment projections, it is likely that the district will need an additional 20 –25 teachers in FY2014 & 2015
- ❖ By the time The Glen TIF expires, there may be no revenue gain from The Glen. This is due to the fact that the number of students attending GBS may generate make-whole payments equal to the tax payments the district will receive at the closing of the TIF. It is important to keep in mind that the closing of the TIF is not the panacea that may be expected. To the contrary, the district may not have funds at the closing of the TIF, for any infrastructure work.
- ❖ Beginning with the 2010/11 school year, the district will be unable to routinely maintain its buildings, without deferring some work
- ❖ Without new sources of income, the district's facilities will remain "as is" for the next ten years

Future Strategies

There are a number of possible strategies to address the long-term fiscal status of the district. It is important to keep in mind that the Glenbrook's financial status, while not as healthy as it used to be, is still superior to most of the districts within the state. There are two strategies the district can follow to address staff needs, priorities and our financial constraints:

1) The first strategy is to continue to monitor the district's finances, reduce costs, and outsource services to maintain the status quo. By doing this, the district can certainly operate as is currently run and most likely address all of its infrastructure and maintenance needs. This strategy does not, however, address any long-term building priorities until approximately 2020.

2) The second strategy is to look for alternate ways to increase revenues for the district. This could be achieved through an operating tax rate increase or a bond referendum to address specific building needs. Even with the implementation of this strategy, it will be necessary to continue to closely monitor the district's finances and continue to look at efficiencies and outsourcing scenarios.

The district's budget ultimately should reflect its expectations. The following sections contain data that will provide a sense of where the district is currently headed, as well as, with modifications, where the district may go.

Comprehensive Planning Process Financial Briefing

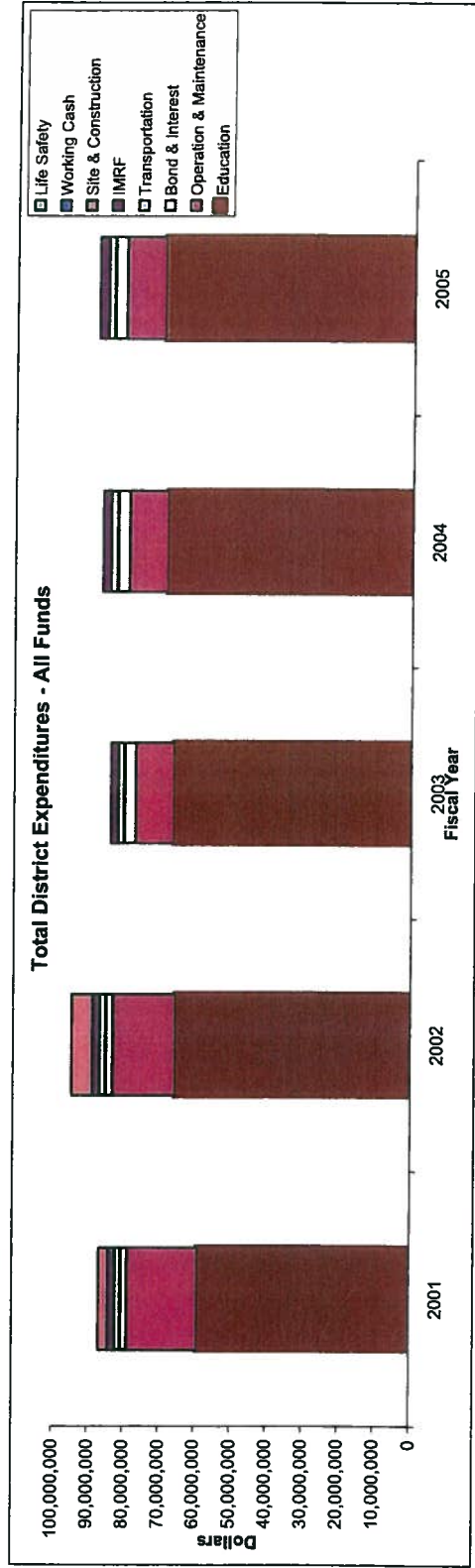


Section 2

Budget and Three-Year Plan

Chart 1: Budget Summary

Northfield Township High School District 225



Source: Northfield Township HSD 225 Annual Financial Statements and budget documents

	2001	2002	2003	2004	2005
Education	59,121,962	65,592,669	66,279,644	68,402,162	69,545,297
Operations & Maintenance	19,565,434	17,366,603	10,632,408	10,549,405	10,761,479
Bond & Interest	1,842,268	2,073,817	3,367,061	3,505,888	3,563,573
Transportation	1,802,754	1,874,843	1,885,145	2,044,421	1,923,355
IMRF	1,846,447	1,648,692	1,853,875	2,027,791	2,337,428
Site and Construction	2,811,969	6,154,156	-	-	-
Working Cash	-	-	-	-	-
Life Safety	-	-	-	-	-
TOTAL:	86,790,834	94,710,780	84,018,133	86,529,667	88,131,132

A review of the chart above reveals that

- ... 2002 was the last year the district budgeted for major capital improvements.
- ... In 2005 approximately 79% of the district's budget was spent on Education Fund expenses.
- ... Operations & Maintenance expenses have been relatively flat for three years.

GLENBROOK HIGH SCHOOL DISTRICT 225 BUDGET PROPOSED ADJUSTMENTS - FY '06 through FY '08

PROPOSAL	REVENUE OR REDUCTION	IMPACT
FY'06		
Increase Parking Fee	47,000	Fee increases from \$180 to \$225
Increase Drivers Education Fee - Behind-the-wheel	45,000	Fee increases from \$75 to \$150
Establish Materials Fee	66,000	Establish at \$15 per student
Implement Towel Service Reduce 2.0 FTE Custodial Staff	73,000	Fee to students increases from \$8 to \$10.50
Phase-in 10 month Custodial Positions Adjust 3 positions	24,000	Fewer custodians available during the summer. Requires buildings to share/team staff in summer.
Adjust Building/District Operating Budgets	870,451	Building Operating Budgets (10%) GBN GBS District Accounts (10%) Plus Curriculum Projects In-service Equipment Support Services Includes Efficiencies
Adjust ESP Staffing (Excluding O&M)	305,532	Glenbrook North Glenbrook South District Office
Adjust Certified Staffing Plus reduction for any special staff added	443,750	Increase class size and/or reduce special programs Includes teachers and administrators Calculated at 7.1 net teacher reduction FTE x \$62,500. Does not include any reduction for special education new hires
Sub-total:	\$ 1,874,733	

PROPOSAL

REVENUE OR REDUCTION

IMPACT

FY07

Reduce Administrative Positions	\$ 60,000	Restructuring Evening High School Principal Position
Implement Athletic Participation Fee or implement reductions	176,760	New fee for parents. If no fee is instituted, then eliminate levels and coaches which equates into fewer opportunities for students.
Implement Extra-Curricular Activities Fee or implement reductions	44,760	New fee for parents. If no fee is instituted, then reduce the number of activities, etc. available to students. (Does not include discretionary activities)
Phase-In 10 month Custodial Positions Adjust 4 positions	32,000	Fewer custodians available during the summer. Requires buildings to share/team staff in summer
Increase Drivers Education Fee - Behind-the-wheel	45,000	Fee increases from \$150 to \$225
Sub-total:	\$ 358,520	

PROPOSAL	REVENUE OR REDUCTION	IMPACT
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FY08

Eliminate Support for all National Competition (Participation may continue if students pay.)	80,000	Eliminates participation in national competitions unless students pay to attend
Reduce Administrative Positions 2.0 FTE	190,000	Less supervision for staff and students
Adjust ESP Staffing Formula Reduce 7.5 FTE	225,000	Less support and supervision
Adjust Certified Staff Eliminate 17 FTE Teaching Staff	1,105,000	Increase class size and/or reduce special programs

Sub-total: \$ 1,600,000

Total: \$ 3,833,253

Comprehensive Planning Process

Financial Briefing



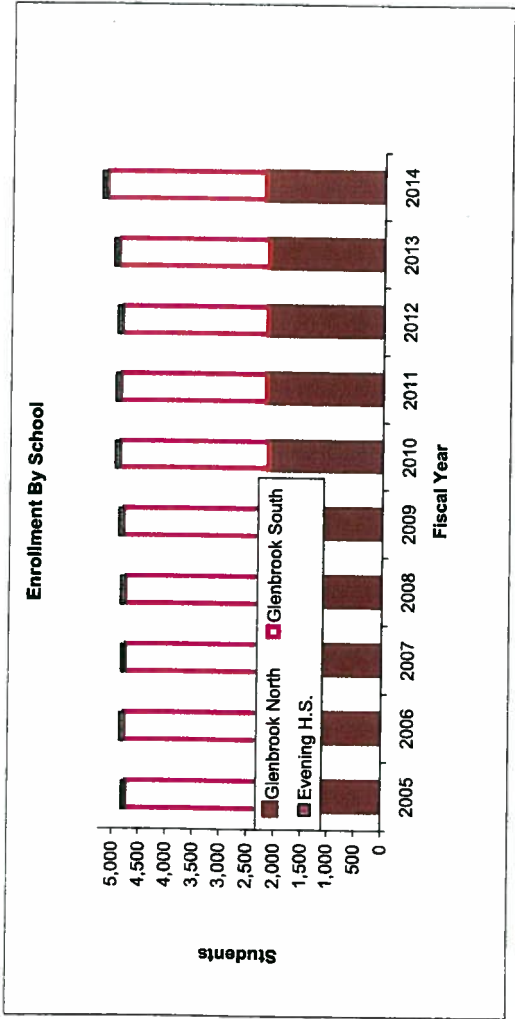
Section 3

Enrollment

Chart 2: Enrollment Data - District

Northfield Township High School District 225

The following chart shows students housed in the district..



Source of Information: Northfield Township HSD 225

** For projection purposes it was assumed that an additional 100 students would attend Glenbrook South as a result of the privatization of navy housing. These students have been phased in from 2007/08 through 2009/10.

A review of the Chart 2 reveals that

- ... The district's enrollment is expected to exceed 5,200 by 2014.
- ... The district's enrollment is expected to increase by 500 students between 2005 and 2014.

Glenbrook North

2005	2,093
2006	2,128
2007	2,088
2008	2,107
2009	2,151
2010	2,138
2011	2,181
2012	2,175
2013	2,167
2014	2,235

Glenbrook South

2005	2,665
2006	2,671
2007	2,698
2008	2,691
2009	2,693
2010	2,780
2011	2,741
2012	2,723
2013	2,818
2014	2,983

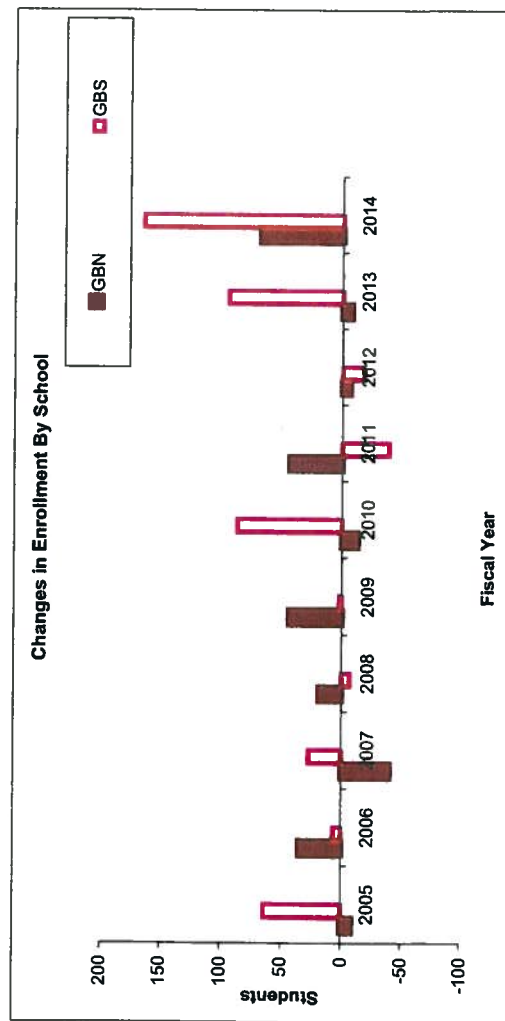
Evening H.S.

2005	59
2006	69
2007	59
2008	69
2009	69
2010	69
2011	69
2012	69
2013	69
2014	69

Chart 3: Enrollment Data - Increases/Decreases by School

Northfield Township High School District 225

The following chart shows the enrollment increases/decreases by school.



Source of Information: Northfield Township HSD 225

A review of the Chart 3 reveals that

- ... Glenbrook South's enrollment will increase dramatically beginning in 2013 - largely due to students residing in the Glen.
- ... In 2014 the district's enrollment is expected to increase 233 students.

Glenbrook North

2005	2,093
2006	2,128
2007	2,088
2008	2,107
2009	2,151
2010	2,138
2011	2,181
2012	2,175
2013	2,167
2014	2,235

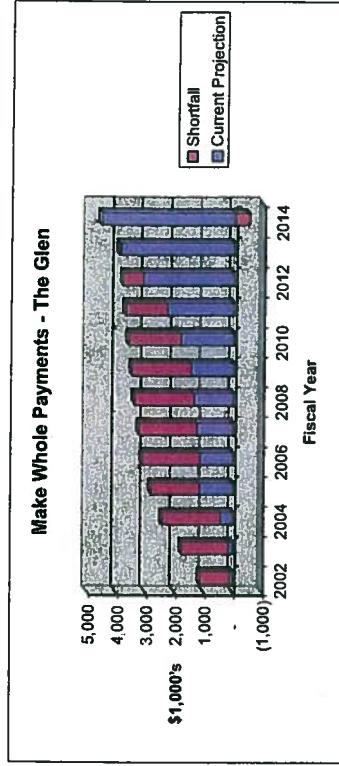
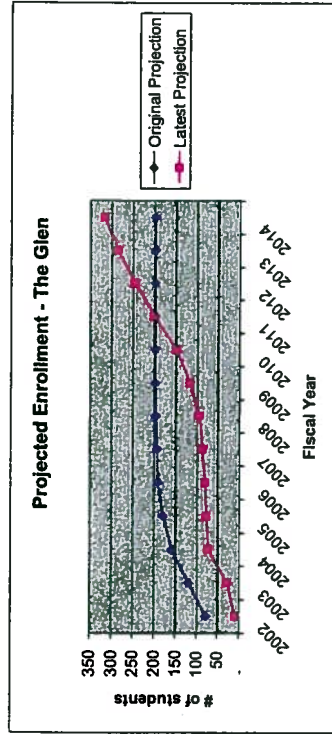
Glenbrook South

2005	2,665
2006	2,671
2007	2,698
2008	2,691
2009	2,693
2010	2,780
2011	2,741
2012	2,723
2013	2,818
2014	2,983

Chart 4: The Glen - Enrollment & Make-Whole Payments

Northfield Township High School District 225

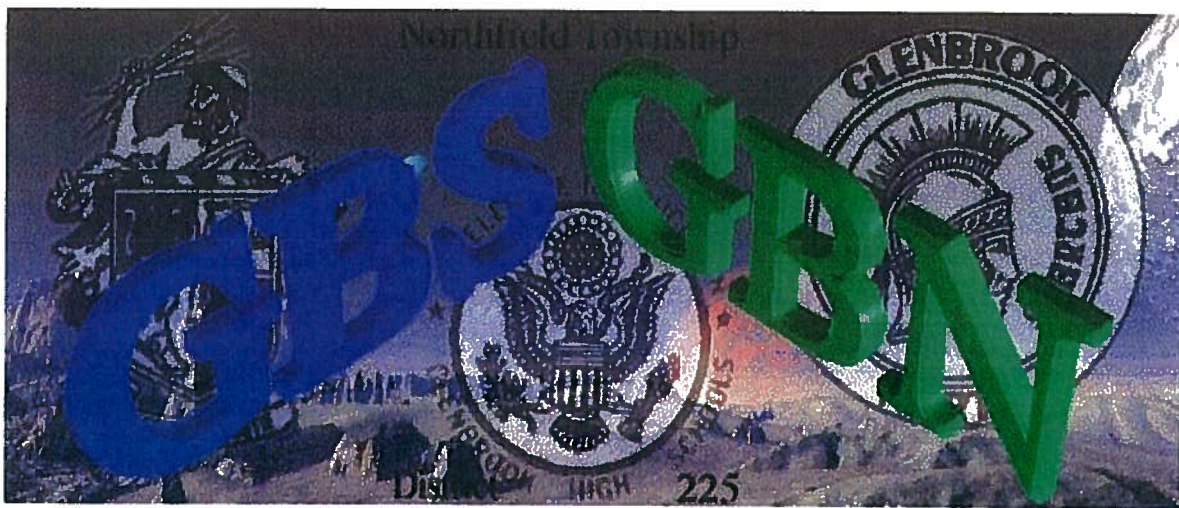
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Enrollment														
Original Estimate	78	118	158	178	190	193	195	196	196	196	196	196	196	196
Current Estimate	9	28	73	76	80	87	94	116	147	200	244	285	315	315
Difference	(69)	(90)	(85)	(102)	(110)	(106)	(101)	(80)	(49)	4	48	89	119	119
Make Whole Payments (in \$1,000's)														
Original Estimate	1,126	1,754	2,419	2,807	3,086	3,229	3,360	3,479	3,583	3,681	3,802	3,916	4,034	4,034
Current Estimate	109	139	428	1,171	1,145	1,248	1,357	1,466	1,810	2,293	3,120	3,880	4,532	4,532
Difference	1,017	1,615	1,991	1,636	1,941	1,981	2,003	2,013	1,773	1,388	682	36	(498)	(498)



A review of Chart 4 above reveals that

- ... Student enrollment from the Glen is expected to exceed the projection in 2011.
- ... Make-whole payments will be less than originally expected until 2014 at which time they will exceed estimates.

Comprehensive Planning Process Financial Briefing



Section 4

Assumptions
Reserves and Projections

Assumptions - Reserves & Projections

- **Certified Staff:** Current projections indicate that enrollment will remain relatively stable over the next six (6) years and that there will be no need for an appreciable increase in staffing until the start of “the Bubble” from The Glen. In 2005/06, the district reduced 7.1 certified FTE. For projection purposes it was assumed the district would continue to allocate staff based on formula minus the 7.1 certified FTE.

- **CPI:** The CPI for the 2004 tax levy is 1.9%. The following rates were used for the other tax years in the projections:

<u>Tax Year</u>	<u>Projected PTELA CPI</u>
2004	1.9%
2005	4.0%
2006 & after	3.0%

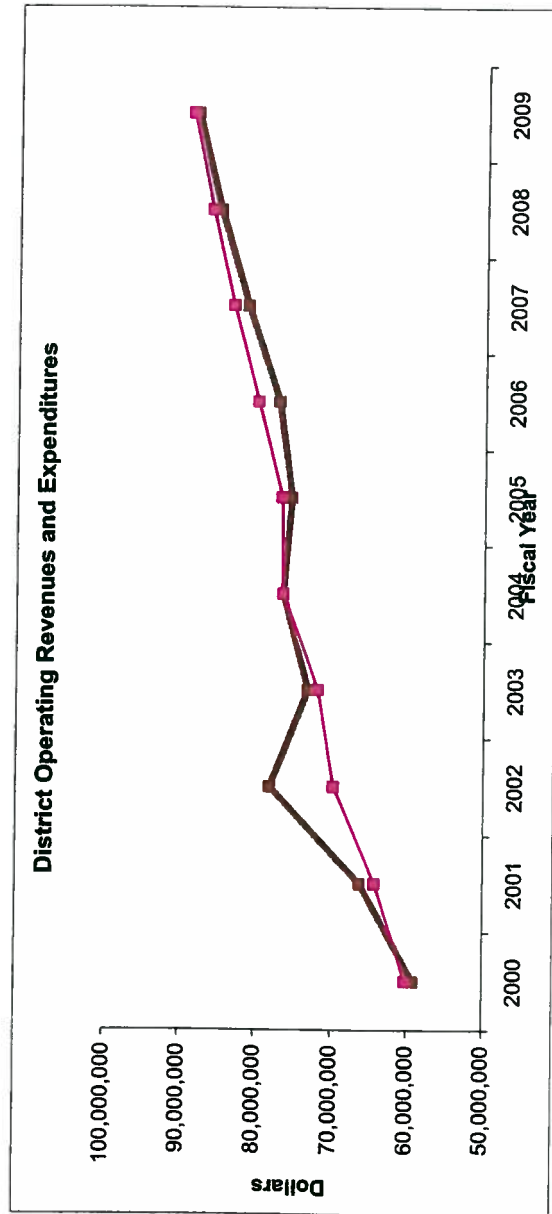
- **Educational Programs:** It is assumed that all new programs will be evaluated and approved by the Board of Education. It is assumed that funding for new programs will be generated either through repurposing current funds or dedicating new funds. No additional funds have been included in these materials for programs that have not been previously approved by the Board.
- **Educational Support Staff:** The projections assume that the current reductions made in 2005/06 will be permanent. For 2006/07 the district will reduce approximately 4.0 FTE in clerical/technical support staff. Thereafter it is assumed that the district will distribute staff annually on a formula basis.
- **Employee Benefits:** For purposes of this report it is assumed that the cost of employee benefits will increase at the rate of 8.0% per year.
- **Enrollment:** The enrollment figures used for the planning materials are contained in Section 3, pages 13 - 15. The figures include the impact of the privatization of navy housing at The Glen.
- **Salary & Employee Costs:** The district negotiated a new contract with the Glenbrook Education Association (G.E.A.) in the spring of 2003, covering fiscal years 2004-2008. For projection purposes, it was assumed that salaries for staff would rise 4.65% in 2006/07, 5.7% in 2007/08, and 5.2% thereafter.

- **Make-Whole Payments:** Make-Whole payments are provided under the TIF agreement to each underlying governmental agency that is impacted. The amount of the make-whole payment is generally equal to the property tax revenue divided by the average daily attendance multiplied by the number of students the district receives from The Glen, including the new military housing built at the time the base was decommissioned. The make-whole payment chart in Section 3, page 15, shows the history and future projected enrollment as well as make-whole payments for District 225.
- **Energy Costs:** Energy costs, as a result of hurricanes Katrina and Rita, are expected to exceed the 2005/06 budget by approximately 25%. Additionally, the CPI-U, utilized for the PTELA through September, was 4.7%. This is the highest since 1991. Typically the September CPI-U is within 7/10 of one percent of the final annual figure. This will affect salary and compensation costs across the board.

Chart 5: District Operating Revenues and Expenditures

Northfield Township High School District 22.5

The following chart shows the district's operating revenues and expenditures - historical, budget and projected.



Operating funds include the Education, Operation & Maintenance, Transportation, IMRF, and Working Cash Funds exclusive of facilities improvements.

A review of the Chart 5 reveals that

- ... For the past ten years the average annual increase in tax revenue has averaged 3.8%.
- ... Increases in two out of the last three years have been less than 3%.

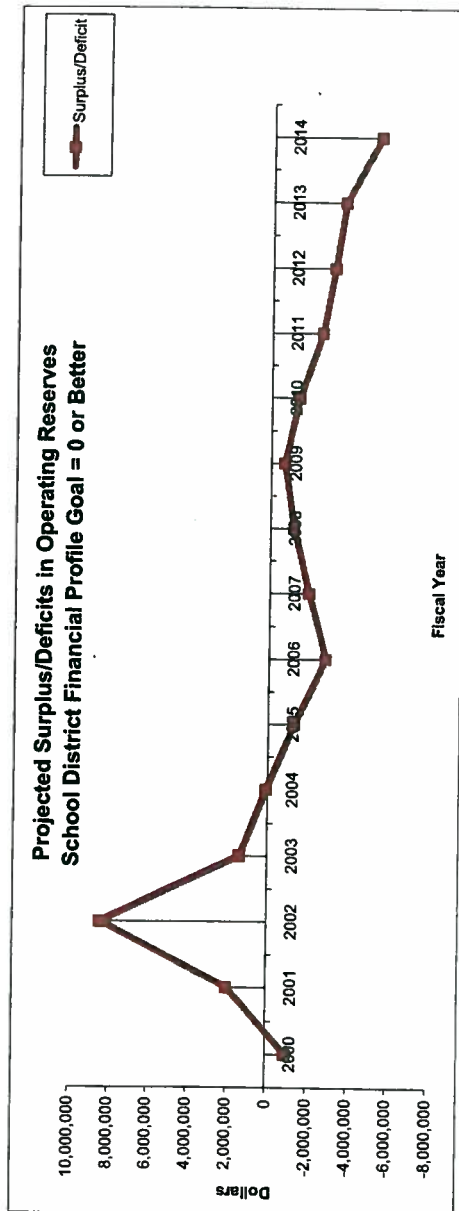
Revenues	
2000	59,118,591
2001	66,174,238
2002	78,120,230
2003	73,218,876
2004	76,598,365
2005	75,519,159
2006	77,191,448
2007	81,418,849
2008	85,129,625
2009	88,235,663
2010	91,528,599
2011	95,066,780
2012	98,755,073
2013	103,211,656
2014	107,041,568

Expenditures	
2000	60,127,687
2001	64,231,761
2002	69,763,381
2003	71,860,773
2004	76,528,606
2005	76,843,192
2006	80,028,071
2007	83,372,305
2008	86,298,363
2009	88,930,537
2010	92,938,967
2011	97,589,183
2012	101,891,211
2013	106,837,768
2014	112,448,230

Chart 6: Projected Surplus/Deficit - Operating Budget

Northfield Township High School District 225

The following chart shows the projected surplus/deficit in operating budgets.



Operating reserves are for the Education, Operation & Maintenance, Transportation, IMRF, and Working Cash Funds exclusive of facilities improvements.

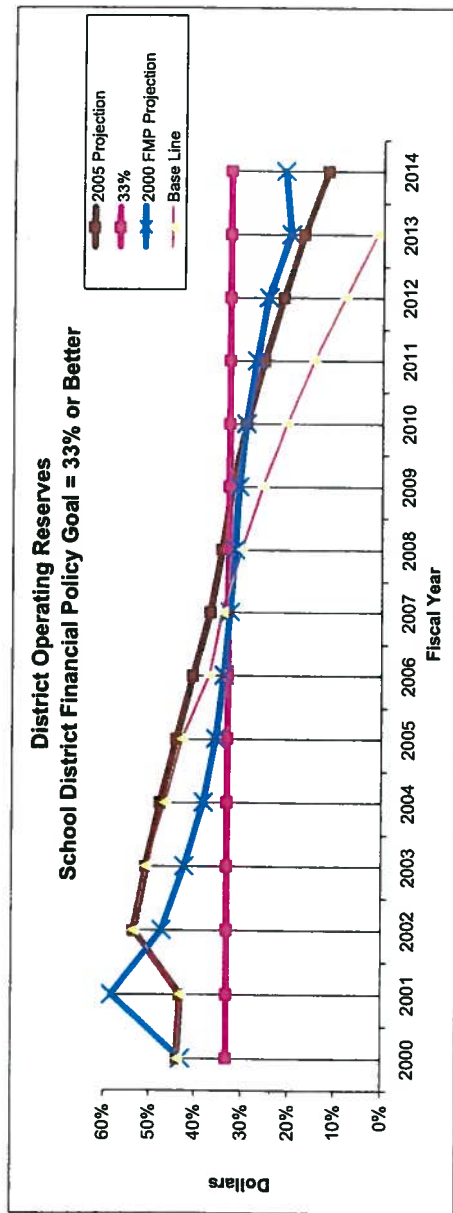
A review of the Chart 6 reveals that

- ... In order to maintain the status quo, the district can not balance its budget in the future.
- ... Beginning in 2009, the district will need to start implementing the 2nd and 3rd years of its current Budget Reduction Plan.

Chart 7: District Operating Reserves

Northfield Township High School District 225

The following chart shows the district's operating reserves - historical, budget and projected.



Operating reserves are for the Education, Operation & Maintenance, Transportation, IMRF, and Working Cash Funds exclusive of facilities improvements.

Notes:

No contingencies are included in any of the projections - consistent with past practice.

2000 FMP Projection: This refers to the long-term projection done as a part of the 2000 Facilities Master Plan planning and AAA Bond Rating Financial Data.

Base Projection: This line shows what would have happened had the district not instituted efficiencies along with the \$1.8M in reductions in FY2006.

2005	Projection	%
2000	28,056,196	43.7%
2001	29,998,673	43.0%
2002	38,355,522	53.4%
2003	38,843,321	50.8%
2004	36,647,033	47.7%
2005	35,323,000	44.1%
2006	33,810,410	40.6%
2007	31,856,953	36.9%
2008	30,688,215	34.5%
2009	29,983,341	32.3%
2010	28,582,974	29.3%
2011	26,060,570	25.6%
2012	22,924,433	21.5%
2013	19,298,321	17.2%
2014	13,891,659	11.9%

Board Goal of: 33.0%

2000	21,196,481
2001	23,021,916
2002	23,714,055
2003	25,254,440
2004	25,358,253
2005	26,409,263
2006	27,512,861
2007	28,478,460
2008	29,347,077
2009	30,669,859
2010	32,204,430
2011	33,624,100
2012	35,256,464
2013	37,107,916
2014	38,592,232

Comprehensive Planning Process

Financial Briefing



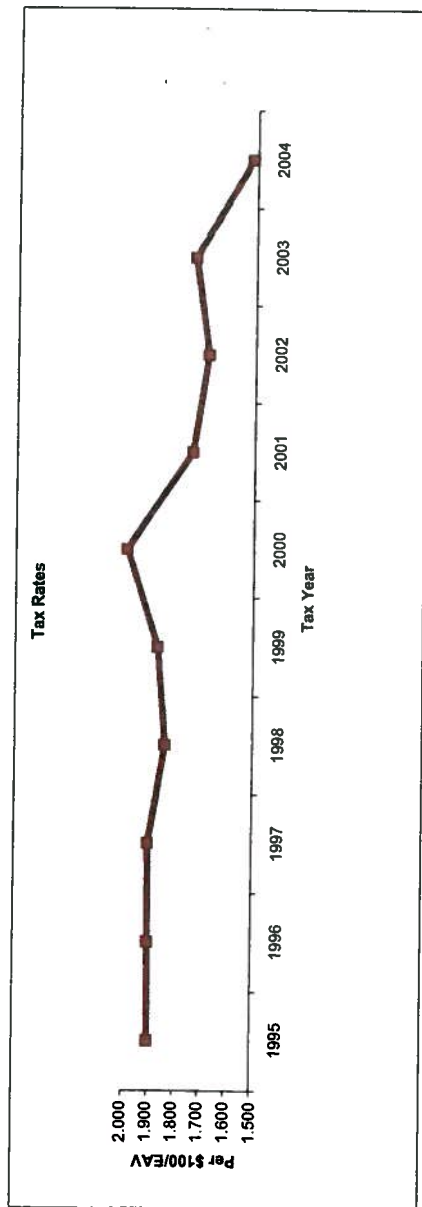
Section 5

Taxes

Chart 8: District Tax Rates

Northfield Township High School District 225

The following chart shows total district tax rates for the past ten years.



Source: Cook County Clerk agency tax rate reports.

A review of the Chart 8 reveals that

- ... The district's tax rate remained relatively stable from 1995 through 1999.
- ... The district's tax rate has dropped roughly 25% since 2000.

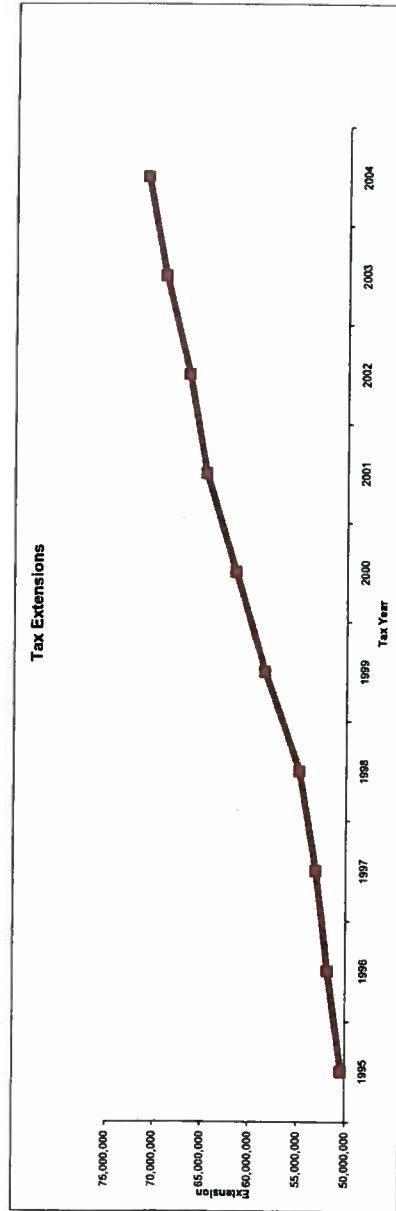
Tax Rates		
	Total	% Inc
1995	1.8981	-6.57%
1996	1.9000	0.10%
1997	1.9030	0.16%
1998	1.8392	-3.35%
1999	1.8692	1.63%
2000	1.9918	6.56%
2001	1.7391	-12.69%
2002	1.6820	-3.28%
2003	1.7360	3.21%
2004	1.5160	-12.67%

Chart 9: District Tax Extensions

Northfield Township High School District 225

The following chart shows total district tax extensions for the past ten years.

A tax extension is the total amount of funds the district is due. It is computed by taking the final tax rate times the district's equalized assessed valuation.



Source: Cook County Clerk, Office of Tax Extensions

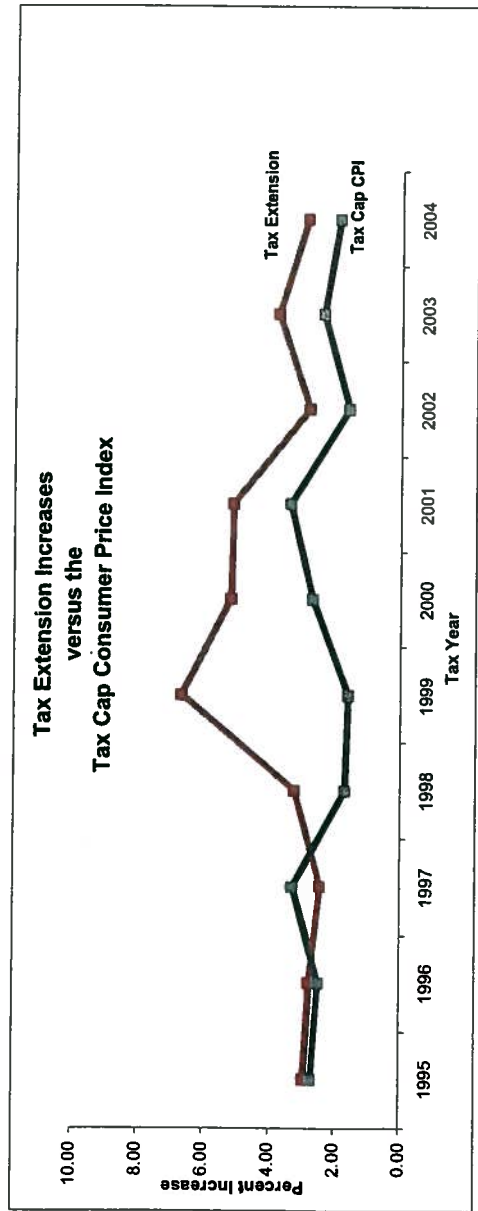
A review of the Chart 9 reveals that

- ... For the past ten years, the annual increase in tax revenue has averaged 3.8%.
- ... Increases for two out of the last three years have been less than 3%.

Chart 10: Tax Extension Increases in Relationship to the Tax Cap CPI

Northfield Township High School District 225

The following chart shows increases in total property tax revenues compared to the Tax Cap Consumer Price Index (CPI).

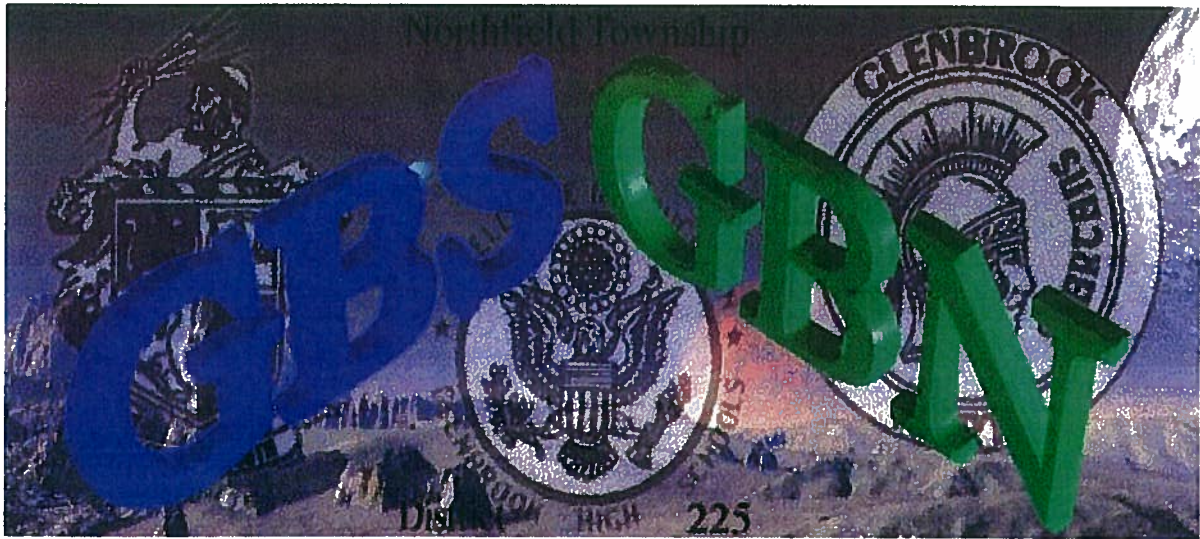


Tax Extension Increases vs. the Tax Cap CPI		
	Ext Inc %	CPI %
1995	2.93	2.70
1996	2.75	2.50
1997	2.44	3.30
1998	3.24	1.70
1999	6.68	1.60
2000	5.19	2.70
2001	5.14	3.40
2002	2.81	1.60
2003	3.78	2.40
2004	2.90	1.90

A review of the Chart 10 reveals that

- ... For the past ten years, the annual increase in tax revenue has averaged 3.8%.
- ... For the past ten years, the annual increase in the Tax Cap CPI has averaged 2.4%.
- ... The 1.4% average difference between the Tax Cap CPI and Tax Extensions represents new EAV (i.e., new homes, businesses, etc)

Comprehensive Planning Process Financial Briefing



Section 6

Appendix

APPENDIX “A” – Significant Events and Trends

Following is a summary of significant trends and events which affect not only the 2006/07 budget, but future budgets, as well.

Significant Events

- **Three-Year Financial Plan:** In the fall of 2004, the district developed a three-year financial plan in an attempt to preserve 33% of its reserves. That plan follows the Executive Summary, in this section.
- **Facilities Master Plan:** The staff at Glenbrook North and Glenbrook South has identified a number of major facilities projects, many of which remain unfinished from the major facilities projects and plan, presented to the board in 1999. Unfortunately, there are and will continue to be insufficient funds to complete these projects.

The schools have identified approximately \$47M worth of projects, reflecting their needs and priorities. In addition, the district has an ongoing maintenance program of approximately \$2M per year, which it has traditionally rotated between schools. Beginning in FY2011 there will be insufficient funds to continue this program as it currently exists.

- **TRS Pension System Reforms:**
At the spring 2005 legislative session, the Teacher Pension Reform Act was enacted. The impact of the changes upon District 225 will be a large number of staff (37), who are tentatively scheduled to retire at the end of the 2006/07 school year. The fiscal impact of these 37 staff members on the district is approximately \$3.8M. The good news is that the district is anticipating a savings of \$1M in salary expenses, so that the payback period will run roughly four years.
- **TIF – The Glen:** The Glenview Naval Air Station, plus an additional 200 acres, constitute The Glen’s tax incremental financing district (TIF). Under the TIF agreement, the district loses access to any future incremental property taxes for a period up to 23 years.
- **Crate and Barrel Abatements:** On November 9, 1998, the District entered into an intergovernmental agreement with Northbrook/Glenview School District 30, the Northbrook Park District, the Village of Northbrook, and the Northbrook Public Library to abate taxes for a portion of Techny Real Estate, Parcel NC-1, proposed for development by Crate and Barrel. On the same date, the District entered into an agreement with Crate and Barrel to abate certain of

their property taxes on the above-mentioned parcel per the Illinois School Code (35ILCS 200/18-165). The sum of the abatements will be equivalent to a Cook County “6b” abatement.

- **District Technology Audit:** During the fall of 2005, the Board of Education approved the hiring of two firms to complete a comprehensive technology audit. The financial implications of the audit have not been included within this material.
- **G.E.S.S.A. Negotiations:**
The current G.E.S.S.A. contract will expire June 30, 2006. G.E.S.S.A. covers all of the district’s clerical and technical support staff. The district anticipates negotiations beginning in the spring of 2006.
- **Student Transportation:** Effective with the 1999/00 school year, the district has administered the bus transportation program including collecting fees and subcontracting with Alltown Bus Company for bus service. Prior to this time, Ryder Bus Company (now First Student) administered bus transportation directly with parents and the district had no associated costs reflected in its budget for regular transportation. For the current school year, 2005/06, it is anticipated that the district will subsidize the program by \$105,000.

Significant Trends

- **New Construction - Tax Cap:** New construction is exempt from the CPI restriction placed on school districts within the PTELA counties. The tax base for the 2004 tax extension included \$49M in equalized assessed valuation (EAV) attributable to new construction.
- **PTELA CPI:** The CPI to be used for the 2005 tax levy is 1.9%. Following is a ten year history of the PTELA CPI:

<u>Levy Year</u>	<u>CPI Base Year</u>	<u>CPI</u>	<u>PTELA CPI</u>
2005	2004	1.9%	1.9%
2004	2003	2.4%	2.4%
2003	2002	1.6%	1.6%
2002	2001	3.4%	3.4%
2001	2000	2.7%	2.7%
2000	1999	1.6%	1.6%
1999	1998	1.7%	1.6%
1998	1997	3.3%	1.7%
1997	1996	2.5%	3.3%
1996	1995	2.7%	2.5%

- **Efficiencies:** Since 2003/04 the district has made a concerted effort to review all of its building operations. The focus of this review has been on supporting services. This has been an on-going process, focused on streamlining existing services. At this point, the review process needs to expand to further explore the outsourcing of services that are currently provided by our own staff.

Over the past three years, the district has reviewed staffing with respect to custodial, paraprofessionals and instructional assistants. The district currently out sources transportation and food service. During the current school year, the district is reviewing staffing with regards to clerical/technical support staff. A consulting firm employed by the Board of Education is completing the technical/support staff review. The preliminary results of the review suggest possible savings in that area.

With respect to outsourcing, there are two areas that the district could possibly explore: custodial maintenance and security/supervision. Based on a study of security needs in 2004/05, the district could save approximately \$220,000 per year, by outsourcing those services. With respect to custodial/maintenance the savings would range from \$300,000 to \$2M per year, depending upon staffing and the length of time staff would remain on the district's payroll. To date, the district has not seen the outsourcing of security and custodial/maintenance as desirable.

- **PTAB (Property Tax Appeal Board):** Business taxpayers have the choice of filing property tax appeals through either the Property Tax Appeals Board (PTAB) or the Cook County Circuit Court (tax court). If a property tax appeal is filed through the PTAB, the district receives notice of the appeal and has the right to intervene. If a property tax appeal is filed through the tax court, the district receives no notice and has no individual intervention rights. Through the tax court, the district receives notice of taxes withheld only after a case has settled and a refund granted. The refund is withheld from current year collections and the district must satisfy the entire refund before any further tax dollars are distributed to the school. Pending cases in the tax court may be delayed for many years. For example, Allstate Insurance Company recently settled a 12-year tax court appeal. The district estimates that the total amount that must be refunded to this one taxpayer will be over \$3M. Over the last 5 years, district 225 has lost over \$10M to property tax refunds. This is an average of \$2M of lost tax revenue per year. Any significant cases that may be pending in the tax court will significantly raise this average.

APPENDIX B: District Efficiency Initiatives - 2004/05

<u>ITEM</u>	<u>DESCRIPTION</u>	<u>ANNUAL SAVINGS</u> \$20,000
On-Line Supply Ordering	An on-line, just in time office supply contract was awarded to Office Depot. Benefits include: preferred pricing from consolidating to one vendor, desktop ordering, next day delivery with no delivery fee, just in time ordering reducing storage needs.	
Copiers	A request for proposal was conducted and a bid awarded to Xerox. Significant savings were realized by standardizing district copier needs, consolidating to one vendor and pooling together maintenance agreements. Operations were improved by the multi-functional copiers that have network copy, print and scan capabilities.	\$55,000
Athletic Transportation	The district leased (4) 14 passenger activity buses to be used to transport athletic teams. The buses are used in lieu of renting 72 passenger buses and/or renting large passenger vans. The activity buses are also used for field trips.	\$40,000
Bookstore	The bookstores conversion to CAM32 software improved operations by giving them improved reporting, web page capabilities, ability to carry credit balances reducing the need to print refund checks. In addition, the bookstore improved service to students by creating a new (cost-neutral) textbook pricing model, creating a clearance model and contract with a third party for the purchase of discontinued books.	
Exam Forms	The district switched vendors for the purchase of exam forms.	\$7,000
Security	A security audit was performed by Reta Securities in conjunction with the districts loss prevention program. Reta Securities provided the district with recommendations on how to improve security as well as how to provide services more effectively.	
J-School Server	The district migrated the J/School Oracle databases off of the current HPL9000 machine to reduce maintenance costs. Additionally we could sell the HP L9000 or migrate another system into it, saving maintenance cost of \$19,792.	\$40,000

APPENDIX B: District Efficiency Initiatives - 2004/05

District Office Contracts	The district eliminated outside contractual agreements for plants and landscape. Work will be done internally.	\$10,000
Operations & Maintenance	Conversion of seven twelve month positions to 10 month positions.	\$80,500
Telecom	The district purchases telephone services from a wholesaler. A request for proposal was done to award this work.	\$16,000
Sodexho	Labor costs were reduced by streamlining operations.	\$50,000
Enrollment Projections	Enrollment projections were performed in-house.	\$3,750
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		<hr/>
		\$322,250

APPENDIX B: District Efficiency Initiatives - 2005/06

<u>ITEM</u>	<u>DESCRIPTION</u>	<u>EST ANNUAL SAVINGS</u>
Athletic Transportation	The district is leasing (2) 20 passenger activity buses to be used to transport athletic teams and academy students. The buses will also be used for fieldtrips and inter-campus shuttle.	\$39,500
Waste Collection	The district is reviewing its waste collection contract to maximize savings.	\$10,000
Security	The district is using an outside firm to provide security at after-hour school events.	\$10,000
Special Ed Transportation Bid	The district conducted a bid for special education transportation.	\$70,000
Outsourced Towel Service	The district conducted a bid for towel laundering services.	\$70,000
Purchasing Cards	The district implemented a purchasing card program. Purchasing cards reduce the amount of paperwork for small dollar transactions, streamline the check printing process and result in rebates for dollars spent.	TBD
On-line Travel Program	The district is creating an on-line travel program. The program will allow the district to incorporate travel policies and procedures to ensure the lowest fares are being obtained.	TBD
Postage	The district is analyzing current postage needs and looking for ways to decrease costs in this area.	TBD
District Office Contracts	The district is looking at bringing custodial and HVAC contracts in-house.	TBD

APPENDIX B: District Efficiency Initiatives - 2006/07

<u>ITEM</u>	<u>DESCRIPTION</u>
Clerical Staffing	The district is in the process of compiling an "in-house" report on clerical staffing. The results will be implemented over the next several years.
Energy	Contracts for natural gas and electricity end. District will conduct a request for proposal to contract best rates.
Energy Education Program	The district will create a "people focused" energy conservation program.
Facility Scheduling	As part of overall energy conservation, the district will create parameters for scheduling the building facilities. Software will be used to assist in the scheduling process and will allow the district to track costs associated with renting space.
Technology Staffing/Delivery Services	The district has employed two firms to do a comprehensive review of technology services and staffing.
Transportation Bid	The district will conduct a bid for student transportation.

APPENDIX “C” – Summary of Findings

Listed below is a summary of the findings of the charts and graphs included in the financial briefing:

Section 2 – Budget and Three-Year Plan

Chart 1: Budget Summary

- ❖ 2002 was the last year the district had major capital improvements
- ❖ In 2005 approximately 79% of the district’s budget was spent on Education Fund expenses
- ❖ Operations & Maintenance expenses have been relatively flat for three years

Section 3 – Enrollment

Chart 2: Enrollment Data – District

- ❖ The district’s enrollment is expected to exceed 5,200 by 2014
- ❖ The district’s enrollment is expected to increase by 500 students between 2005 and 2014

Chart 3: Enrollment Data – Increases/Decreases by School

- ❖ Glenbrook South’s enrollment will increase dramatically beginning in 2013, largely due to students residing in The Glen
- ❖ In 2014 the district’s enrollment is expected to increase 233 students

Chart 4: The Glen – Enrollment & Make-Whole Payments

- ❖ Student enrollment from The Glen is expected to exceed the projection in 2011
- ❖ Make-whole payments will be less than originally expected until 2014, at which time they will exceed estimates

Section 4 – Reserves and Projections

Chart 5: District Operating Revenues and Expenditures

- ❖ For the past ten years the average annual increase in tax revenue has averaged 3.8%
- ❖ Increases in two out of the last three years have been less than 3%

Chart 6: Projected Surplus/Deficit – Operating Budgets

- ❖ In order to maintain the status quo, the district can not balance its budget in the future
- ❖ Beginning in 2009, the district will need to start implementing the 2nd and 3rd years of its current Budget Reduction Plan

Section 5 – Taxes

Chart 8: District Tax Rates

- ❖ The district's tax rate remained relatively stable from 1995 – 1999
- ❖ The district's tax rate has dropped roughly 25% since 2000

Chart 9: District Tax Extensions

- ❖ For the past ten years, the annual increase in tax revenue has averaged 3.8%
- ❖ Increases for two out of the last three years have been less than 3%

Chart 10: Tax Extension Increases in Relationship to the Tax Cap CPI

- ❖ For the past ten years, the annual increase in tax revenue has averaged 3.8%
- ❖ For the past ten years, the annual increase in the Tax Cap CPI has averaged 2.4%
- ❖ The 1.4% average difference between the Tax Cap CPI and Tax Extensions represents new EAV (i.e., new homes, businesses, etc.)