

Donald R Johnson
Johnson Associates
Clarendon Hills, IL 60514

June 8, 2009

To: Nippersink SD 2 Board of Education
Richmond-Burton HSD 157 Board of Education
Dr. Dan Oest

From: Donald R Johnson, Johnson Associates

Re: Addendum to May, 2009 Reorganization Study

After the reorganization study was presented, the districts received a projected General State Aid from the Illinois State Board of Education that projected the GSA a new unit district would receive. That projection used a different year and calculation rate than what was used in the study. The study used a forward year EAV and a more conservative calculation rate previously supplied by the state office. We agree with the revised projections. Incorporating the revised ISBE projection into the study would produce the following:

Table 22
Anticipated General State Aid Entitlement

<u>District</u>	<u>General State Aid</u>
D2	\$1,182,039
D157	904,046
Subtotal	2,086,085
Theoretical unit district	\$3,259,270
Difference	<u>\$1,173,185</u>

Table 25
State Incentives Supplementary State Aid Payments

<u>Incentive</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General State Aid Difference	\$ 0	\$ 0	\$ 0	\$ 0
Teacher Salary Difference	713,543	861,711	1,005,602	1,147,146
Deficit Difference	0	0	0	0
\$4,000 for Certified Employee	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>
Totals	<u>\$1,373,543</u>	<u>\$1,521,711</u>	<u>\$1,665,602</u>	<u>\$1,807,146</u>

This difference projects greater GSA from a unit district than the two current districts receive. Since this difference is greater than the combined total received currently, there would be no state aid difference incentive money received by a new unit district. Actually, that works in the favor of forming a unit district since the question, "What will happen after the incentives run-out?" wouldn't be a concern since a new unit school district would be receiving more GSA than the two current districts.

Note that the other incentives, Teacher Salary Difference Payment and \$4,000 Per Full-time Certified Employee, would still be in place. Also, as a reminder, the Teacher Salary Difference Payment amount would be dependent upon a new negotiated agreement.

Incorporating the revised GSA and reorganization incentives into the E-fund projections produces the revised Table 26. A new unit district would have substantial balances to carry the district for a good number of years. We continue to recommend a new district use the current combined districts' tax rates in order to provide no tax increase for the taxpayers.

Table 26
Combined Districts
Projected Education Fund Balances with Consolidation Incentives

	2009	2010	2011	2012	2013
Local Revenue					
Property Taxes	\$14,446,000	\$14,734,920	\$15,029,618	\$15,330,211	\$15,636,815
Other Sources	\$1,734,500	\$1,734,500	\$1,734,500	\$1,734,500	\$1,734,500
Flow-Through Revenue	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
State Revenue					
General State Aid	\$3,259,270	\$3,324,455	\$3,390,945	\$3,458,763	\$3,527,939
Categorical State Aid	\$733,900	\$748,578	\$763,550	\$778,821	\$794,397
Incentives	\$0	\$1,373,543	\$1,521,711	\$1,665,602	\$1,807,146
Federal Revenue	\$506,500	\$560,000	\$560,000	\$560,000	\$560,000
Total Revenue	\$20,790,170	\$22,585,996	\$23,110,323	\$23,637,897	\$24,170,797
Expenditures					
Instruction	\$11,765,900	\$12,854,195	\$13,496,905	\$14,171,750	\$14,880,337
Support Services	\$5,294,600	\$5,559,330	\$5,837,297	\$6,129,161	\$6,435,619
Other	\$1,289,000	\$2,135,615	\$2,218,896	\$2,306,341	\$2,398,158
Total Expenditures	\$18,349,500	\$20,549,140	\$21,553,097	\$22,607,252	\$23,714,114
Excess Rev/Exp	\$2,440,670	\$2,036,856	\$1,557,226	\$1,030,645	\$456,682
Beginning Fund Balance	\$8,140,683	\$10,581,353	\$12,618,209	\$14,175,436	\$15,206,081
Ending Fund Balance	\$10,581,353	\$12,618,209	\$14,175,436	\$15,206,081	\$15,662,763

Finally, as in the study, full state funding of all items is assumed.