

School District 200 by the Numbers:

The 2002 Tax Increase Wasn't Used – and The Proposed 2012 Increase Isn't Needed

The Board of School District 200 (OPRFHS) is deliberating a property tax increase to finance one of the most lavishly funded and financially viable schools in the state, with a final vote on the 20th.

A review of audited financial statements for the past ten years, and projections for the next five years, shows that funds from the 2002 levy were essentially *never used*, now sit idle earning little return. The projections show no need, under worst-case assumptions, for another increase. A tax increase would add to the cash hoard, and thus is unwarranted.

The ever-increasing cache of cash. Over ten years, thanks to 2002's tax hike, liquid assets have grown from \$23 million to over \$123 million. This implies that arguments in support of the last levy were ill-considered, at best. This cash stockpile would better argue for a tax *decrease!*

Equally disturbing: this cash has *not* been well-managed. The 2012 annual report shows \$459,000 in earnings on the \$115 million (average) in investable funds -- a return of under *one-half of one percent*. Even with today's low-interest rates, this is incomprehensible.

The District's current bonded debt obligations equal \$18.4 million, and its *unfunded* pension obligations are \$6.9 million. Even if these obligations, totaling \$25.3 million, somehow had to be settled in cash, immediately, D200 would be left with *\$100 million* of cash to fund future operations. Because the District runs surpluses every year, even this would not be called upon for many years.

A profitable not-for-profit operation. D200 has produced large surpluses for each of the past ten years. The District's consolidated *unrestricted* net assets have grown from \$4.5 million to \$99.8 million. (Including restricted funds, current balances total \$120 million.) For perspective, consider that total expenditures for the 2012 fiscal year equaled about \$53 million. The District's current accumulated surplus could carry it for two more years, absent *any* revenue whatsoever!

The Board's latest projections do not support the present need for a tax increase. Five year financial projections recently made public purport to make the case for higher taxes, but fail abjectly in doing so. Even taking these on face value (and thus ignoring the projected needs called upon to justify the 2002 increases), these show, on a consolidated basis, that further surpluses will be generated by District 200 through 2017. Even if the post-2017 deficits being forecast actually do develop, the available accumulated surplus will allow the District to carry on operations and remain solvent through about 2033, even if year 2023's projected deficit continued indefinitely.

The current cash hoard of over \$123 million, and the unrestricted surplus of almost \$100 million, are more than adequate to carry the District for perhaps as long as another fifteen years. Another tax hike is thus entirely unjustifiable.

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