



2017-2018 Preliminary Budget

June 7, 2017

2017 - 2018 Budget Timeline

January 2017	Board Adopts the FY18 Budget Calendar
March 2017	Staffing Plan for 2017-2018
June 7, 2017	Preliminary FY18 Budget Presentation
August 15, 2017	Tentative Budget Presentation & Approval
August 17, 2017	Publication of Notice of Budget Hearing & Public Display of Tentative Budget
September 19, 2017	Budget Hearing & Adoption of FY18 Budget
September 30, 2017	File FY18 Budget with County

Budget Philosophy

- Minimize contingencies; some in FY18
- Invest in curriculum
- Maintain appropriate programs
- Maintain facilities

Operational Factors

- Curriculum Initiatives
 - Science, Reading, Math, Professional Learning
- Increased Need for Outside Services
 - Tuition & Placements
- Strategic Planning Impacts
 - EDK, Facility Master Plan
- Technology Initiatives
 - EDK support
 - Student devices rotational replacements
 - Classroom display upgrades

Operational Factors

- Facility Improvement Considerations
 - Facility Master Plan, preliminary observations
 - Life Safety, critical need work
- Personnel & Enrollment Impacts
 - Class Sections
 - Special Education requirements and revised structure
- Regulatory Compliance
 - ACA, FMLA, IDPH, ISBE, etc. and Other Changes

Financial Factors

- Property Tax Levy Considerations
 - CPI at 0.7%
 - EAV & New Property changes ; recent draft received
 - Pending Legislation could significantly reduce revenue
 - Budget based on normal estimates; distribution on Fund needs
- Federal & State Revenues & Expenditures
 - Revenues based on internal calculations subject to approval and possible further reductions and/or deferred payments and revenue recognition;
 - \$800k unpaid; \$220k unappropriated = reserve recorded
 - Expenditures generally based on internal calculations & history in coordination with service providers; Continued Refinement

Financial Factors

- More Limited Reserves
 - Reduction with recent bond redemption
 - Higher risk exposure to general and state economic impacts
- Future Funding of Facility Needs
 - Previous Life Safety plan; provided for approx. \$1.5 million/yr for 5yrs; annual school rotation
 - Implementation of a Facility Master Plan for aged facilities
 - Currently address priority LS plan needs
 - Monitor & address as needed, deferred & major maintenance items

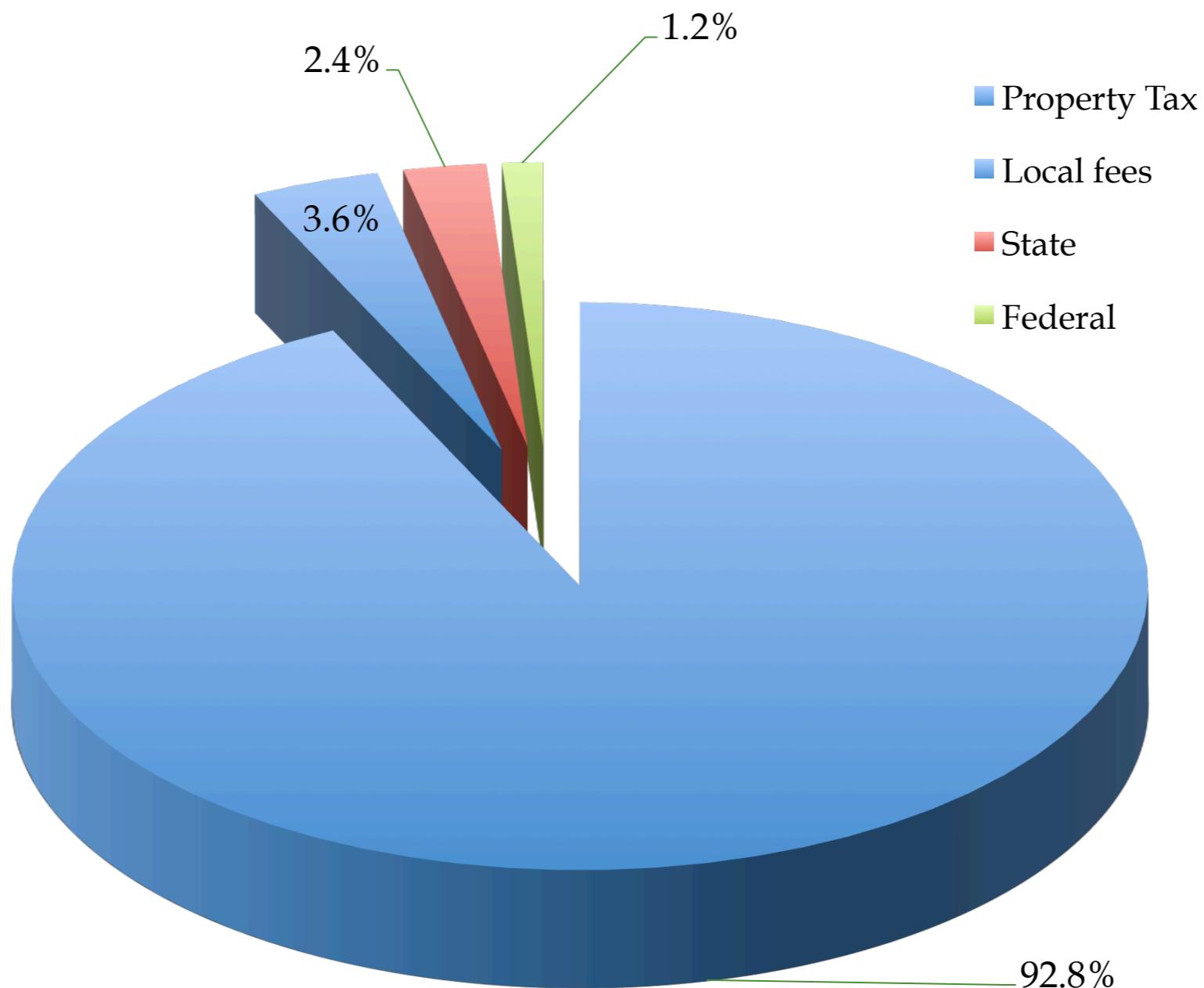
Financial Factors

- Salaries; general increases
 - Certified & Non-Certified bargained; 4% + annual increase
 - Projected offset of retirement savings to achieve overall 3% average
 - Low number of retirees this year
 - Administrators; ~3% norm
- Benefits; Healthcare
 - Certified & Non-Certified pay 10% of HMO cost
 - Rate Increase for FY18; PPO~8.5%, HMO minor decrease
 - Coverage; employee mix dependent
- Structural Adjustments
 - Special Services delivery model
 - Align staffing with enrollment

Typical Sources of Revenues

Revenues - All Funds

FY18 Preliminary Budget



Local Revenue Categories

- Real Estate Taxes
- Corporate Replacement Taxes
- Interest
- Student Fees & Tuition
- Transportation
- After School Programs
- Food Service
- Facility Rentals

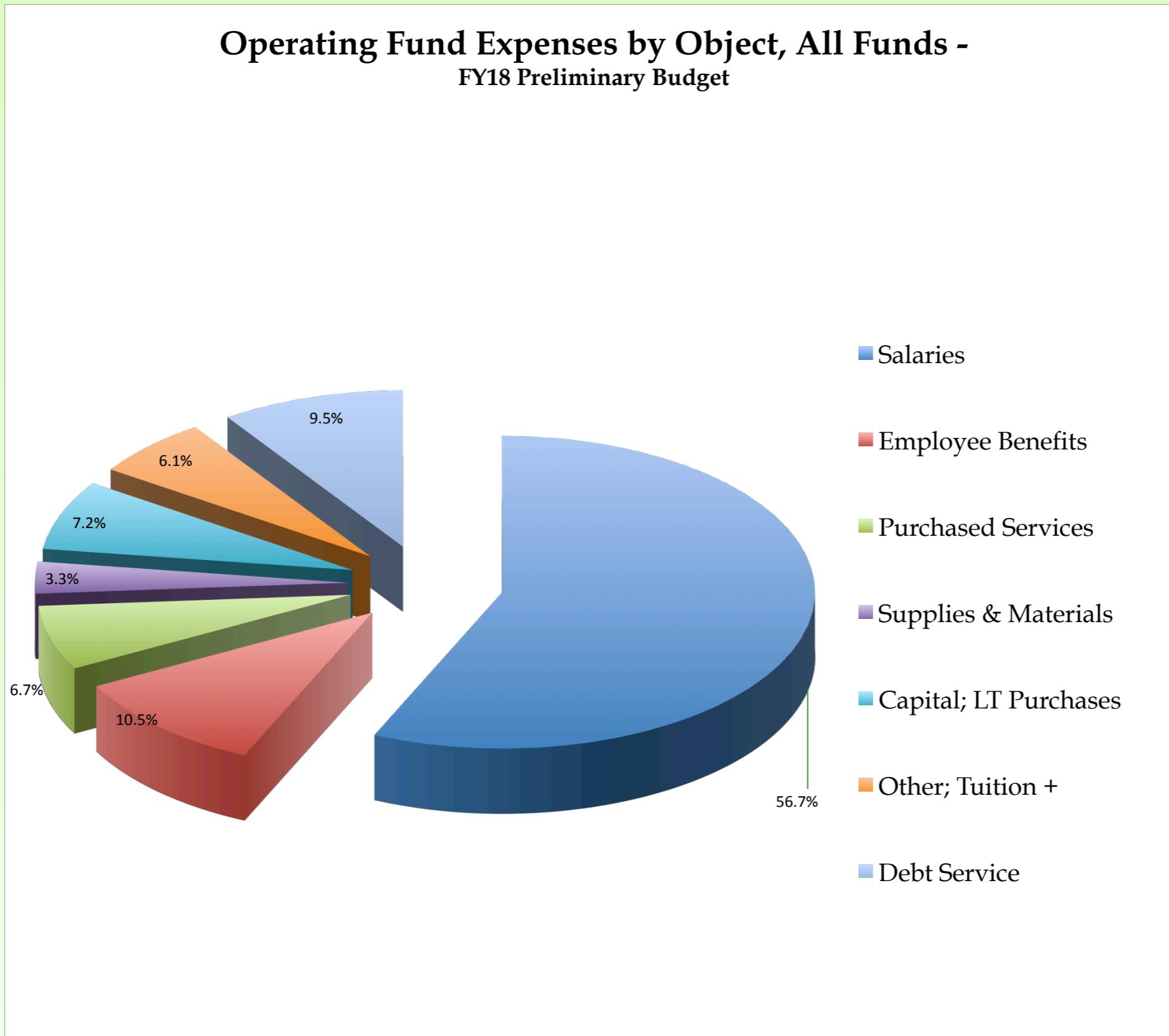
Federal & State Revenue Categories

- General State Aid
- Special Education Aid
- Title 2; Teacher Quality
- Student Milk
- E-Rate
- Library

Budgeted Revenues; All Funds (Excluding Fund Transfers & Capital Lease “gross-up”)

• Education	\$34,896,981
• Operations & Maintenance	2,963,992
• Debt Service	4,883,565
• Transportation	617,914
• FICA/IMRF	1,356,228
• Capital Projects	34,100
• Working Cash	605,889
• Tort	196,133
• Life Safety	<u><14></u>
Total Budgeted Revenues	<u>\$45,554,788</u>

Typical Categories of Expenditures



Budgeted Expenditures; All Funds (Excluding Fund Transfers & Capital Lease “gross-up”)

• Education	\$34,089,998
• Operations & Maintenance	3,684,126
• Debt Service	4,400,638
• Transportation	534,556
• FICA/IMRF	1,188,575
• Capital Projects	2,338,438
• Working Cash	0
• Tort	105,000
• Life Safety	0
Total Budgeted Expenditures	<u>\$46,341,331</u>

Budgeted Net Fund Balance Incr (Decr); All Funds (Excluding Fund Transfers & Capital Lease “gross-up”)

• Education	\$806,983
• Operations & Maintenance	(720,134)
• Debt Service	482,927
• Transportation	83,358
• FICA/IMRF	167,653
• Capital Projects	(2,304,338)
• Working Cash	605,889
• Tort	91,133
• Life Safety	<u>(14)</u>
Total Fund Balance Decrease	<u><u>\$786,543)</u></u>

Major Capital Projects

- Crow Island
 - Various improvements; primarily L/S \$2,338,400
 - Chair lift refurbishment \$27,500
- Hubbard Woods
 - Playground \$102,600
- Greeley
 - Boiler replacement \$30,000

Major Capital Projects

- Skokie
 - Chair lift refurbishment \$33,600
- District
 - Dishwasher; CW food service \$17,500
 - Water fixtures \$10,500

Operating Funds

(Ed, O&M, Transportation, FICA/IMRF, Working Cash, Tort)

(before transfers)

ESTIMATED OPERATING RESULTS	FY17	FY18
	Est Accrual	Prelim
	Actual	Budget *
OBJECT	Actual	Budget *
REVENUE FROM PROPERTY TAXES	36,227,562	37,421,337
REVENUE FROM OTHER LOCAL SOURCES	1,584,851	1,614,200
REVENUE FROM STATE SOURCES	1,051,519	1,072,100
REVENUE FROM FEDERAL SOURCES	502,798	529,500
Total operating fund revenues	39,366,730	40,637,137
		3.2%
OBJECT	FY17	FY18
	Est Accrual	Prelim
	Actual	Budget *
SALARIES	25,199,856	26,273,314
BENEFITS	4,621,849	4,867,705
PURCHASED SERVICES	2,613,233	2,894,644
SUPPLIES & MATERIALS	1,398,624	1,529,602
CAPITAL OUTLAY & EQUIPMENT	1,659,828	1,195,304
OTHER	2,503,078	2,841,686
Total operating fund expenditures	37,996,468	39,602,255
		4.2%
Net operating revenues over <under> expenditures	1,370,262	1,034,882

* Without \$469,400 offsetting capital lease revenue and expense
accounting "gross-up"

Operating Funds

Operating Funds

(Ed, O&M, Transporation, FICA/IMRF, Working Cash, Tort)
(before transfers)

ADJUSTED PROJECTION RESULTS (Accounting Assumption Change Effects Between Years)	FY17	FY18	2YR
	Est Accrual	Prelim	Combined
	Actual	Budget *	Effect *
Net revenues over <under> expenditures; current	1,370,262	1,034,882	2,405,144
Add: Additional tax appeal/collection reserve (1%>3%)	625,000	375,000	1,000,000
Add: Additional state revenue collection reserve	163,000	150,000	313,000
Less: Additional CI construction cost to CP fnd		(300,000)	(300,000)
Less: Lease financing of tech equipment		(327,000)	(327,000)
Other < Favorable> Unfavorable, net	(326,262)	(222,382)	(548,644)
Net revenues over <under> expenditures; projected	1,832,000	710,500	2,542,500

* Without \$468,500 offsetting capital lease revenue and expense
accounting "gross-up"

Operating Funds

(Ed, O&M, Transporation, FICA/IMRF, Working Cash, Tort)
(before transfers)

RATIO OF FUND BALANCE TO EXPENDITURES	FY17	FY18
	Est Accrual	Prelim
	Actual	Budget *
Beginning Operating Fund Balance	53,033,089	25,853,351
Less: Abatement	(550,000)	-
Less: Bond refunding	(28,000,000)	-
Add: Net operations	1,370,262	1,034,882
Ending Operating Fund Balance	25,853,351	26,888,233
Operating Fund expenditures	37,996,468	39,602,255
	68.0%	67.9%

* Without \$468,500 offsetting capital lease revenue and expense
accounting "gross-up"

Operating Funds

(Ed, O&M, Transporation, FICA/IMRF, Working Cash, Tort)
(before transfers)

OBJECT	FY17	FY17
	Est Accrual	Filed
	Actual	Budget
REVENUE FROM PROPERTY TAXES	36,227,562	36,476,898
REVENUE FROM OTHER LOCAL SOURCES	1,584,851	1,497,200
REVENUE FROM STATE SOURCES	1,051,519	1,214,100
REVENUE FROM FEDERAL SOURCES	502,798	472,367
Total operating fund revenues	39,366,730	39,660,565
		-0.7%
OBJECT	FY17	FY17
	Est Accrual	Filed
	Actual	Budget
SALARIES	25,199,856	25,069,853
BENEFITS	4,621,849	4,708,555
PURCHASED SERVICES	2,613,233	2,970,685
SUPPLIES & MATERIALS	1,398,624	1,471,986
CAPITAL OUTLAY & EQUIPMENT	1,659,828	1,555,115
OTHER	2,503,078	2,308,209
Total operating fund expenditures	37,996,468	38,084,403
		0.2%
Net operating revenues over <under> expenditures	1,370,262	1,576,162

Larger Yr/Yr Operating Variances (Revenues)

- Property tax revenue recorded per estimated accrual method with increase; primarily the result of the normal increase in extensions and related ds fund rate shifts, ~\$655k; & assumed ~\$455k equal 2 month accrual between years
- Addition of EDP and other local fee revenue increases; primarily offset by an anticipated reduction in transportation fee income, interest earnings and a loss of out of district tuition

Larger Yr/Yr Operating Variances (Revenues)

- Collection reserve of ~\$220k reduces state revenues; amount may become collectable
- Federal and State revenues;
 - Generally based on prior year circumstances
 - Primarily for special services
 - Payment; often delayed and uncertain.

Larger Yr/Yr Operating Variances (Expenditures)

- Salary 4.3% increase above 3% target avg;
 - Low number of retirees;
 - Anticipated fte - 1 teacher & 6 associates add to approved staffing plan; 1 teacher & 1 associate hired
- Benefits 5.3% increase; below ppo 8.5% rate increase; reduced & fluctuating staff options

Larger Yr/Yr Operating Variances (Expenditures)

- Community planning (MFP/EBP) \$58,000
- Copier cost savings \$(54,000)
- Supplies; primarily EDK \$70,000
- Software; new & upgrades; OM/SS \$45,000
- Electric & gas estimates to a norm \$23,000
- Increased special services \$270,000

Larger Yr/Yr Operating Variances (Expenditures)

- Planning vs utilization; opportunity
 - Consultants & PD \$115,000
 - Repairs; OM & Tech \$166,000
 - Legal services \$40,000

(Effects will be reduced by June+ transactions)
- Fewer large capital projects compared to those experienced in FY17, including;
 - Temporary classroom installation \$(500,000)
 - Washburne cafeteria upgrade \$(170,000)

Project Initiatives & Highlights

- Extended Day Kindergarten; “New Program”
 - Tech equipment; computers & displays \$82,000
 - Other furnishings & equipment \$27,000
 - Supplies & misc \$43,000
 - Transportation \$51,000
 - Salaries & benefits \$550,000

Project Initiatives & Highlights

- Curriculum plan; “Teachers’ College Reading”
 - Stipends & PD \$88,000
 - Consultant \$30,000
 - Foundation support \$(20,000)
- Community planning; “Master Facilities Plan”
 - Consultant & communication \$98,000

Capital Lease Financing

Capital lease financing; used for substantial purchases of technology equipment

FY18 items include;

- Copier equipment & software \$143,900
- Instructional items
 - LCD displays \$150,000
 - Student i-pads & tablets \$135,500
 - Student laptops \$40,000

The lease terms are 5 years for copiers and 3 years for instructional items at an estimated 2.99% rate.

Current Year Operating Fund Variances

(Revenues)

- Property tax revenues decrease; primarily due to increase in collection reserve
- Higher investment earnings; a primary impact on the increase in other local revenue.
- Collection reserve of ~\$220k; major impact on anticipated revenues from the state.
- An increase in Federal and state revenues to match growth in cost of special services, unlikely; decrease in revenue more likely

Current Year Operating Fund Variances (Expenditures)

- Salaries variance; effectively equates to growth of fte during the year
- Benefit fluctuations; reasonable given movement of people and coverage changes
- As with the yr/yr fluctuation in purchased services; a primary cause of the current year cost benefit is underspending anticipated costs of consultants, professional development and legal services

Current Year Operating Fund Variances (Expenditures)

- Other costs primarily relate to special services tuition and outplacement costs; increase of approximately \$225,000 over plan
- Other savings are anticipated from improved cost management of inherited special project curriculum plans

Current Year Operating Results

- A substantial amount of revenue is due at year end and in accordance with industry accrual accounting guidelines, it is recognized in the current year only to the extent received within the two months after year end, including property tax revenue
- Property tax revenue recognition is also limited to formula calculations limited by property tax levy year the revenue is being distributed from
- Final 2016 tax extension is due

Current Year Operating Results

- Nearly 20% of payroll is paid, by contractual provision, in the last month and a half of the fiscal year, including last minute submissions of pay requests for stipends
- Numerous requests for reimbursement of out-of-pocket expense requests are also received in the last month and half of the year
- Practices make preliminary financial results difficult to estimate
- Thus, Tentative and Final budgets are provided later for potential adjustment and approval

Areas of Fluctuation

- Levy Revenues
- Federal & State Aid
- State Budget & Legislation
- Enrollment & Staffing
- Facility Needs

Areas of Fluctuation

- Master Facilities Plan
- Kindergarten Implementation
- Expenditure Refinements
- Accomplishing Intended Tasks

2017 - 2018 Budget Timeline

January 2017	Board Adopts the FY18 Budget Calendar
March 2017	Staffing Plan for 2017-2018
June 7, 2017	Preliminary FY18 Budget Presentation
August 15, 2017	Tentative Budget Presentation & Approval
August 17, 2017	Publication of Notice of Budget Hearing & Public Display of Tentative Budget
September 19, 2017	Budget Hearing & Adoption of FY18 Budget
September 30, 2017	File FY18 Budget with County



2017-2018 Preliminary Budget

June 7, 2017