



# 2017–2018

# Tentative Budget

## August 8, 2017

*The Winnetka Public Schools community empowers every student to flourish in an innovative, experiential environment. We support and challenge all learners to actively engage in their continual growth and achievement to make a meaningful difference in the world.*

# 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
<b>August 8, 2017</b>	<b>Tentative Budget Presentation &amp; Approval</b>
<b>August 17, 2017</b>	<b>Publication of Notice of Budget Hearing &amp; Public Display of Tentative Budget</b>
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 high quality programs
- Maintain facilities

# Operational Factors

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

# Operational Factors

- Facility Improvement Considerations
  - Educational Master Facility 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 .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;
  - \$440k unpaid=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 exposure to general and state economic impacts

- Future Funding of Facility Needs

- Previous Life Safety plan; provided for approximately \$1.5 million per year for 5 years; annual school rotation
- Implementation of an Educational Master Facility Plan for aged facilities; initial process has started
- Currently address priority Life Safety 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

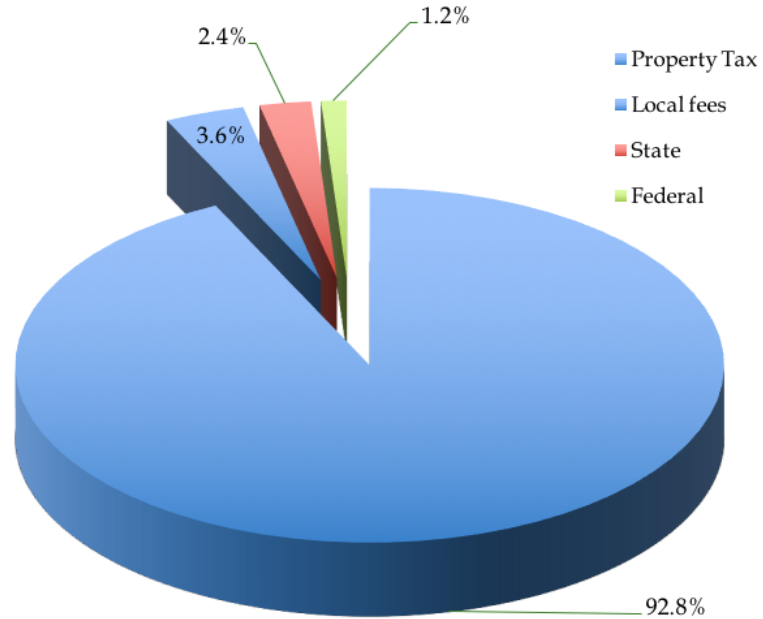
- Certified & Non-Certified pay 10% of HMO cost
- Rate Increase for FY18; PPO 8.5%, HMO .1% increase
- Coverage; employee mix dependent



# Typical Sources of Revenue

## Revenues - All Funds

FY18 Tentative Budget



# Local Revenue Categories

- Property Taxes
- Corporate Personal Property Replacement Taxes
- Interest
- Student Fees & Tuition
- Transportation
- After School Programs
- Food Service
- Facility Rental

# Federal & State Revenue Categories

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

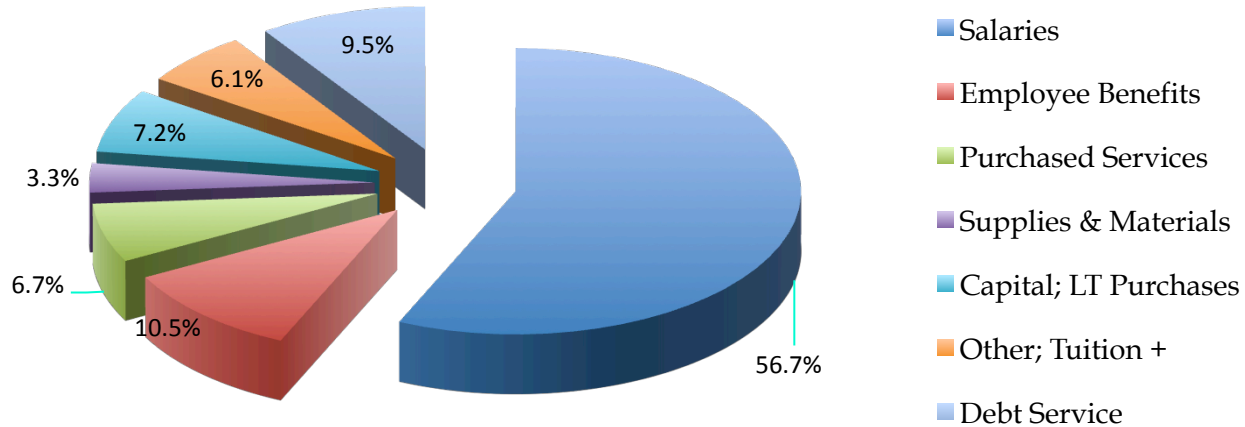
# Federal & State Revenue Categories

Excludes Fund Transfers & Capital Lease “gross-up”

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

# Typical Categories of Expenditures

## Operating Fund Expenses by Object, All Funds - FY18 Tentative Budget



# Budgeted Expenditures; All Funds

Excludes Fund Transfers & Capital Lease “gross-up”

	\$34,355,261
•Education	3,680,477
•Operations & Maintenance	4,400,638
•Debt Service	534,905
•Transportation	1,183,947
•FICA/IMRF	2,338,438
•Capital Projects	0
•Working Cash	<u>105,000</u>
•Tort	
	<u>\$46,598,666</u>
• Total Budgeted Expenditures	

# Preliminary to Tentative Expenditure Variance

Excludes Fund Transfers & Capital Lease “gross-up”

	\$265,263
•Education	<3,649>
•Operations & Maintenance	0
•Debt Service	349
•Transportation	<4,628>
•FICA/IMRF	0
•Capital Projects	0
•Working Cash	<u>0</u>
•Tort	

\$257,335

- Total Budgeted Expenditures

# Budgeted Net Fund Balance Changes; All Funds

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

•Education	\$541,720
• Operations & Maintenance	<716,485>
• Debt Service	482,927
• Transportation	83,009
• FICA/IMRF	172,281
• Capital Projects	<2,304,338>
•Working Cash	605,889
•Tort	91,133
•Life Safety	<u>&lt;14&gt;</u>
Total Fund Balance Decrease	<u>\$&lt;1,043,878&gt;</u>



# Major Capital Projects

- Crow Island

- Various improvements including piping, ceiling and roof \$2,038,538
- Chair lift refurbishment \$ 27,500

- Hubbard Woods

- Playground  
\$102,600

- Greeley

- Boiler replacement \$13,000

# Major Capital Projects

- Skokie

- Chair lift refurbishment \$33,600

- District Office

- Dishwasher; CW foodservice \$17,500
  - Water fixtures \$10,500

<b>Operating Funds</b>		
(Ed, O&M, Transportation, FICA/IMRF, Working Cash, Tort)		
(before transfers)	<b>FY17</b>	<b>FY18</b>
<b>ESTIMATED OPERATING RESULTS</b>	<b>Est Accrual</b>	<b>Tentative</b>
	<b>Actual</b>	<b>Budget *</b>
<b>OBJECT</b>	<b>Actual</b>	<b>Budget *</b>
REVENUE FROM PROPERTY TAXES	36,356,111	37,421,323
REVENUE FROM OTHER LOCAL SOURCES	1,754,231	1,659,600
REVENUE FROM STATE SOURCES	1,017,183	1,072,100
REVENUE FROM FEDERAL SOURCES	539,721	529,500
<b>Total operating fund revenues</b>	<b>39,667,246</b>	<b>40,682,523</b>
		2.6%
	<b>FY17</b>	<b>FY18</b>
	<b>Est Accrual</b>	<b>Tentative</b>
	<b>Actual</b>	<b>Budget *</b>
<b>OBJECT</b>		
SALARIES	25,164,588	26,350,756
BENEFITS	4,603,252	4,857,732
PURCHASED SERVICES	2,652,634	3,005,887
SUPPLIES & MATERIALS	1,397,887	1,559,029
CAPITAL OUTLAY & EQUIPMENT	1,799,366	1,188,313
OTHER	2,478,617	2,897,873
<b>Total operating fund expenditures</b>	<b>38,096,344</b>	<b>39,859,590</b>
		4.6%
<b>Net operating revenues over &lt;under&gt; expenditures</b>	<b>1,570,902</b>	<b>822,933</b>
<b>*Without \$441,118 offsetting capital lease revenue and expense accounting "gross-up"</b>		

# Operating Funds

<b>Operating Funds</b>			
(Ed, O&M, Transportation, FICA/IMRF, Working Cash, Tort)			
(before transfers)			
<b>ADJUSTED PROJECTION RESULTS</b>	<b>FY17</b>	<b>FY18</b>	<b>2 Year</b>
(Accounting Assumption Change Effects Between Years)	<b>Est Accrual</b>	<b>Tentative</b>	<b>Combined</b>
	<b>Actual</b>	<b>Budget *</b>	<b>Effect *</b>
<b>Net revenues over &lt;under&gt; expenditures; current</b>	<b>1,570,902</b>	<b>822,933</b>	<b>2,393,835</b>
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		(309,164)	(309,164)
Other < Favorable> Unfavorable, net	(526,902)	(28,269)	(555,171)
<b>Net revenues over &lt;under&gt; expenditures; projected</b>	<b>1,832,000</b>	<b>710,500</b>	<b>2,542,500</b>
<b>*Without \$441,118 offsetting capital lease revenue and expense accounting "gross-up"</b>			

# Operating Funds

<b>Operating Funds</b>		
(Ed, O&M, Transportation, FICA/IMRF, Working Cash, Tort)		
(before transfers)		
	<b>FY17</b>	<b>FY18</b>
<b>RATIO OF FUND BALANCE TO EXPENDITURES</b>	<b>Est Accrual</b>	<b>Tentative</b>
	<b>Actual</b>	<b>Budget *</b>
<b>Beginning Operating Fund Balance</b>	<b>53,033,089</b>	<b>26,053,991</b>
Less: Abatement	(550,000)	-
Less: Bond refunding	(28,000,000)	-
Add: Net operations	1,570,902	822,933
<b>Ending Operating Fund Balance</b>	<b>26,053,991</b>	<b>26,876,924</b>
<b>Operating Fund expenditures</b>	<b>38,096,344</b>	<b>39,859,590</b>
	<b>68.4%</b>	<b>67.4%</b>
<b>*Without \$441,118 offsetting capital lease revenue and expense accounting "gross-up"</b>		

# Operating Funds

<b>Operating Funds</b>		
(Ed, O&M, Transportation, FICA/IMRF, Working Cash, Tort)		
(before transfers)		
	<b>FY17</b>	<b>FY17</b>
	<b>Est Accrual</b>	<b>Filed</b>
<b>OBJECT</b>	<b>Actual</b>	<b>Budget</b>
REVENUE FROM PROPERTY TAXES	36,356,111	36,476,898
REVENUE FROM OTHER LOCAL SOURCES	1,754,231	1,497,200
REVENUE FROM STATE SOURCES	1,017,183	1,214,100
REVENUE FROM FEDERAL SOURCES	539,721	472,367
<b>Total operating fund revenues</b>	<b>39,667,246</b>	<b>39,660,565</b>
		0.02%
	<b>FY17</b>	<b>FY17</b>
	<b>Est Accrual</b>	<b>Filed</b>
	<b>Actual</b>	<b>Budget</b>
<b>OBJECT</b>		
SALARIES	25,164,588	25,069,853
BENEFITS	4,603,252	4,708,555
PURCHASED SERVICES	2,652,634	2,970,685
SUPPLIES & MATERIALS	1,397,887	1,471,986
CAPITAL OUTLAY & EQUIPMENT	1,799,366	1,555,115
OTHER	2,478,617	2,308,209
<b>Total operating fund expenditures</b>	<b>38,096,344</b>	<b>38,084,403</b>
		-0.03%
<b>Net operating revenues over &lt;under&gt; expenditures</b>	<b>1,570,902</b>	<b>1,576,162</b>

# Larger year over year Operating Variances

- Revenues

- Property tax revenue is recorded per estimated accrual method with increase; primarily the result of the normal increase in extensions and related debt service fund rate shifts.
- Addition of Extended Day Play 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 year over year 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 year over year Operating Variances

- Expenditures

- Salary 4.7% increase above 3% target avg;
  - Low number of retirees
  - Additional positions including EDK and Special Education
- Anticipated FTE - 1 teacher & 6 associates add to approved staffing plan; 1 teacher & 1 associate hired as well as additional administrative costs
- Benefits 5.3% increase; below PPO 8.5% rate increase

# Larger year over year Operating Variances

- Expenditures

- Community planning (EMFP/EBP) \$88,000
- Copier cost savings \$(54,000)
- Supplies; primarily EDK \$81,000
- Software; new & upgrades; Operations \$45,000  
Maintenance and Student Services
- Electric & gas estimates to a norm \$23,000
- Increased special services \$415,000

# Larger year over year Operating Variances

- Expenditures

- Planning vs utilization; opportunity
  - Consultants & PD \$115,000
  - Repairs; OM & Tech \$166,000
  - Legal services \$45,000
- 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 \$78,000
- Other furnishings & equipment  
\$34,000
- Supplies & misc \$46,000
- 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; Educational Master Facility Plan

- Consultant and Communication \$110,000

# 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 iPads \$108,000
  - Student laptops \$ 40,000

The lease terms are 5 years for copiers and 3 years for

# 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 costs of special services is unlikely  
a decrease in revenue is more likely

# Current Year Operating Fund Variances

## Expenditures

- Salaries variance; effectively equates to growth of FTE (EDK and Special Services)
- Benefit fluctuations; reasonable given movement of people and coverage changes
- The year-to-year fluctuation in purchased services is due to underspending the anticipated costs of consultants, professional development and legal services during FY 2017



# 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

# Current Year Operating Results

## Expenditures

- 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

# Areas of Fluctuation

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

# Areas of Fluctuation

- Educational Master Facility Plan
- Extended Day Kindergarten Implementation
- Expenditure Refinements

# 2017-2018 Budget Calendar

January 2017	Board Adopts the FY18 Budget Calendar
March 2017	Staffing Plan for 2017-2018
June 7, 2017	Preliminary FY18 Budget Presentation
<b>August 7, 2017</b>	<b>Tentative Budget Presentation &amp; Approval</b>
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

**Q&A**  
**2017–2018**  
**Tentative Budget**  
**August 8, 2017**

