Downers Grove Grade School District 58

We Envision. We Seek. We Believe.

Financial Plan for fiscal years 2022 thru 2024 with projections of fiscal years 2025, 2026

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1. Introduction

The idea of an annual approval of a financial plan is to formalize and memorialize a process that a district administration does every year: reviewing the available resources to focus on the short and long-term impact on the District's ability to meet the needs of the community's children. The plan will help develop the following year's budget and illustrate needs and decision points for the community as it involves the use of resources.

The benefit of a three- to five-year plan is to measure the District's ability to maintain current program levels over the long term and to illustrate using realistic expenditure patterns and conservative revenue projections, deficits and surpluses so as to allow time for the District to adjust either side of that equation to meet its needs.

The District has a history of using five-year projection models in the spring of each year. The financial plan is an addition to that process. The plan is developed and formally approved by the Board of Education. Whereas the projection shows the impact of a potential budget and spending patterns for the foreseeable future, the financial plan presents the Board of Education's design and plan that the next year's budget will be based on. It also demonstrates the impact of the current spending, and next year's program plan on the following two fiscal years. The plan approved must meet the Board of Education's policy requirements.

Given the fact that there are always more needs than there are resources to meet them, each year the District is required to review current program needs and the resources available. Additionally, the projection of the current program format for multiple years against conservative revenue growth can highlight where adjustments are needed in the current or future years to maintain a balanced budget. One important aspect of such a planning process is, prior to rolling out a new program or continuing other programs, to determine whether the District has the resources to sustain such things for the foreseeable future.

This format allows the administration to bring to the Board of Education a plan that is balanced and meets the policies the Board has approved. This means that between the initial projection and the final submission of the plan, changes may occur to balance expenditures to resources. In some cases, increases in revenue become known, such as the CPI for the upcoming levy year (which is the Spring collection for the next fiscal year). Hopefully, with conservative estimates of revenue and reasonable estimates of expenditures, clarity of some program costs or changes in health costs for the upcoming year will reduce pressure on the upcoming budget. If updates in revenue, and reductions in expenditure projections of continuing programs still create an unbalanced plan, the administrative team will review programs and expenditures to determine adjustments to create a balanced plan for Board approval.

2. District Mission

The mission of District 58, in partnership with parents and community, is to challenge and engage each child by providing quality educational programs and support services in a safe, nurturing and child-centered environment in order to prepare all students to be lifelong learners and contributing members of a global society.

3. Strategic Plan

Goal 1: Focusing on Learning: Enhance and support learning to meet the needs of all students.

Goal 2: Connecting the Community: Cultivate and strengthen community relationships by focusing on communication, collaboration and consistency.

Goal 3: Securing the Future: Provide safe and effective learning environments in fiscally responsible ways.

4. Executive Summary

A public school district will always have greater needs than our community will have funding for. There will always be the need for additional resources. For this reason, it is imperative for the District to prioritize the resources it has. The final plan submitted for approval will include the staffing plan presented to the Board of Education at the April meeting.

The Board is asked to approve a three-year plan for fiscal years 2022-2024, understanding that the graphs and projections of 2025 and 2026 will be affected by this plan, the 2022 budget, and the next financial plan the Board will consider the following year. Deficits in the projected years will likely need to be addressed over the next year and projected deficits will need to be brought in line during the next financial plan.

The initial projection presented to the Board in December of 2020 projected a deficit budget of $1.1 million. The District administrative team developed a balanced plan after reviewing updated revenue projections (which included a higher CPI than initially projected and an updated projection for medical/ health benefits), as well as considering staffing and some proposed changes. The projection of that plan is included in this document at a higher level than the final review the Board of Education will see in March.

After the details of the staffing section are presented at the April Board meeting, that plan will be included in this plan. Conversations are still ongoing with affected staff. For that reason, staffing detail for the higher-level review included in draft is at a high level. There is a reduction in positions to affect the balanced budget for fiscal year 2022. Due to retirements and resignations, the required reduction of current staff may be relatively small. It is very likely that current assignments for some individuals will change due to refocus toward other needs. This is not a new process, but given the early projections and the impact of flat state revenue, more changes are likely to take place than in other years. The largest unknown is the staffing of OKEEP for school year 2021-2022. The District cannot currently offer this program; it is unclear at the development of the financial plan that the District will be able to do so in the fall of 2021. As such, the District will need to adjust staffing for the fall of 2021 without staffing OKEEP until such time it is able to do so.

The current draft projection, with changes in both expenditure and revenue since the initial December presentation, is balanced and is noted in tables and graphs toward the end of this document.

Structural deficit versus one-time deficit

In fiscal year 2021, the District adopted a budget with a $1.6 million deficit. The bulk of that deficit was due to the cancelation of the OKEEP kindergarten enrichment program in August. This cancelation left the District with a larger kindergarten staff without the off-setting revenue of fees. Along with reductions in interest income, facility rents and other local revenue, this resulted in reduction of revenue without the District being able to adjust expenditure. The District did make staffing adjustments as able to do so, including repositioning staff in needed areas. Additionally, instructional aides who resigned were not immediately replaced to ensure the District was not over staffed in areas. The District adjusted staff as much as possible to use staff members in areas where staff left but were needed during the current instructional model used this school year. In cases where maintenance and clerical staff left, positions were not immediately filled to allow for a review of need both temporary and long-term.

- ***Background***

The District created the financial plan process as a result of the significant deficit budget that was projected to exceed $1 million due to the COVID pandemic. Had the District had cash balances similar to that of its neighbors, such a one-year deficit would not have had a considerable impact. However, the District is very limited in fund balance and during its low cash point of the year has a balance of approximately $1 million (currently the equivalent of one month of bills or 40% of a payroll cycle). Continuation of previous deficit spending patterns would require the District to initiate short-term borrowing to make payroll before early property tax collection in the Spring.

The financial plan is an instrument approved by the Board of Education using conservative revenue projections early in the budgeting planning process that allows the Board the opportunity to reduce expenditures to balance the budget. As a service industry, the majority of expenditure and 90% of discretionary spending is in salary and benefits. The District has specific time frames to notify staff of change or elimination of positions for the following year.

- ### *Impact of COVID-19*

The District can expect that COVID-19 and its impact to the community and economy will have a fiscal impact starting in fiscal year 2020, through at least fiscal year 2023, and maybe even into 2024 depending on the Federal Reserve's response to the crisis in lower interest rates and reduced interest income on the part of the District. The District has experienced varying impact due to the pandemic both on expenditure and revenue--both positive and negative on both sides.

Revenue
Starting in fiscal year 2020 and projecting though 2024, there is a significant impact on interest income. Interest rates for funds on hand have dropped to less than 0.10%. The District's interest income for 2019 and 2020 was $372,267 and $319,134 respectively. This is compared to the current year to date as of end of January with a total interest income of $25,281. The financial plan follows current projections that interest rates will be kept low by the Federal Reserve for the next two fiscal years to spur economic recovery. It's important to note that interest income is unrestricted revenue for the District.

The District has also refunded fees collected in the Spring of 2020 for the 2020-2021 fiscal year for programs that were not able to operate. This has resulted in lower fees for 2021. The revenue projection is for those fees to return to normal levels and grow with annual increases.

The District has received federal funding starting in fiscal year 2020. The initial grant fund was $248,000; the second CARES grant was $800,000. These funds are less restrictive than other federal funds; however, they are still limited in use as are most federal funds. Given the District's limited fund balance to cover the added expenditures required to meet the added demands for the current year, the District will need to use as much of these funds as possible to sustain its educational programs.

Expenditure
The District has increased expenditures due to COVID-19 to continue in-person instruction. The largest expenditures were in Operations and in Technology. In Operations the District purchased additional cleaning equipment and PPE for staff and students. It also purchased large tents for every school for students to use for mask breaks during warmer weather. Every building has two rented containers for storage of extra furniture and desks not used for current instruction to reduce surfaces to be cleaned. In Technology, the District accelerated its staff laptop replacement cycle in summer of 2020 after staff had issues with remote learning in the spring with their older laptops. This was not a planned or projected expenditure for another year.

One of the largest expenditures made by the District was snow removal. The District substantially increased its contracting of snow removal to include sidewalks and snow removal in all school parking lots. This was to allow custodians to concentrate on cleaning in the buildings before both the AM and PM students. This increase in purchased services had a large impact due to the significant level of snowfall in February. The impact on the Operations budget is likely to be an increase of $100,000 above anticipated costs.

5. Revenue

Because of its strong local tax base, the District revenue projection over the next several years is projected to continue to grow and be in good shape. The largest impact will be the expiration of the downtown TIF District that will add $1.4 million in property taxes a year beginning in fiscal year 2023. Fiscal year 2022 will see half that increase due to how tax levies are split between two fiscal years. The District anticipates no increase in state funding for the next fiscal year and slow growth after that. Interest income will continue to grow very slowly over the projection. It is important to understand the impact of interest income and local fees. Interest income is unrestricted revenue. It is a small portion of the total $71 million budget; however, the drop is over $200,000. If we consider that an average teaching position has a cost of $75,000 a year, the loss of this revenue requires the reduction of 2.6 FTE from school year 2020 going forward though the next three school years. The District will continue to look for ways to increase interest income.

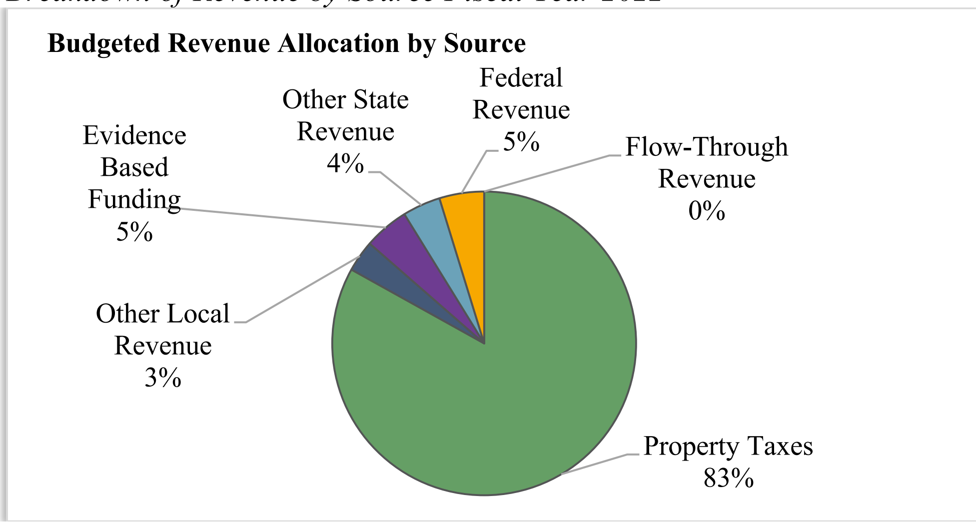
For fiscal year 2021, the District did not offer extended day kindergarten (OKEEP). This program is a tuition-based program. The program is established as a budget neutral program: every year the District calculates the cost of the program and estimated enrollment to determine the fees. The program is sustained entirely with the tuition paid, which includes the salary and benefits of the additional staff required for the program. The tuition revenue for this program exceeds $1 million a year. Currently, this program, its fees and expenditures are not in the projection. At the creation of the financial plan, the District cannot offer this program with the current COVID restrictions in place. For fiscal year 2021, staffing included the added FTE for this program. The shutdown of schools happened after the deadline to reduce staff for the following school year. This caused a large portion of the deficit the District is operating under for fiscal year 2021.

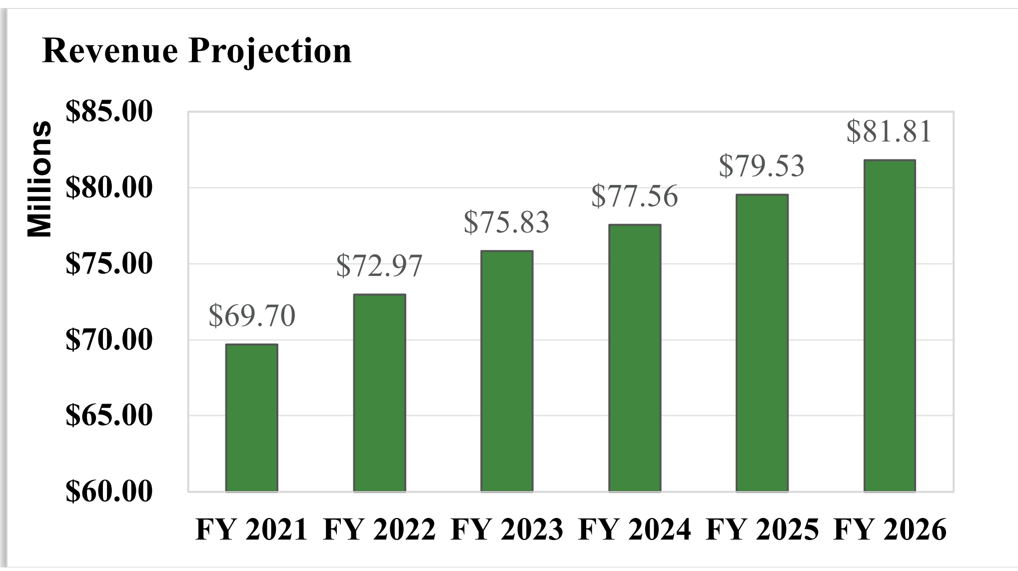
Below is the projected revenue table and graphs for the fiscal years 2021-2026 for operating funds.

Revenue Projection Fiscal Year 2021-2026

	Updated Projection	PROJECTED		PROJECTED		PROJECTED		PROJECTED		PROJECTED	
	FY 2021	FY 2022	% Δ	FY 2023	% Δ	FY 2024	% Δ	FY 2025	% Δ	FY 2026	% Δ
LOCAL											
Property Taxes	$57,907,130	$60,782,188	4.96%	$62,811,072	3.34%	$64,245,161	2.28%	$65,695,526	2.26%	$67,162,626	2.23%
Other Local Revenue	$2,328,161	$3,412,521	46.58%	$3,537,237	3.65%	$3,650,804	3.21%	$3,743,723	2.55%	$3,819,552	2.03%
TOTAL LOCAL REVENUE	**$60,235,291**	**$64,194,709**	**6.57%**	**$66,348,309**	**3.35%**	**$67,895,965**	**2.33%**	**$69,439,249**	**2.27%**	**$70,982,178**	**2.22%**
STATE											
Evidence Based Funding	$3,333,554	$3,333,554	0.00%	$3,400,225	2.00%	$3,468,230	2.00%	$3,537,594	2.00%	$3,608,346	2.00%
Other State Revenue	$2,816,500	$2,316,500	-17.75%	$3,370,820	45.51%	$3,741,558	11.00%	$3,801,145	1.59%	$3,862,519	1.61%
TOTAL STATE REVENUE	**$6,150,054**	**$5,650,054**	**-8.13%**	**$6,771,045**	**19.84%**	**$7,209,787**	**6.48%**	**$7,338,739**	**1.79%**	**$7,470,865**	**1.80%**
TOTAL FEDERAL REVENUE	**$3,315,446**	**$3,120,446**	**-5.88%**	**$2,707,632**	**-13.23%**	**$2,455,369**	**-9.32%**	**$2,753,797**	**12.15%**	**$3,356,622**	**21.89%**
FLOW-THROUGH REVENUE	**$0**	**$0**		**$0**		**$0**		**$0**		**$0**	
TOTAL REVENUE	**$69,700,791**	**$72,965,209**	**4.68%**	**$75,826,986**	**3.92%**	**$77,561,120**	**2.29%**	**$79,531,785**	**2.54%**	**$81,809,665**	**2.86%**

Breakdown of Revenue by Source Fiscal Year 2022





- ### *Local Revenue*

The District, prior to COVID, received almost 90% of its revenue from local sources, the majority of which comes from property taxes. With the ESSER funds from the federal government for fiscal year 2021 and projected for 2022, local share is reduced down to 86%. However, property taxes remain the most important source for unrestricted operating funds.

- #### Property taxes

The Board of Education annually adopts the property tax levy. Property taxes consist of 83% of the District's total revenue. Based on the 2019 valuation, the 83% is split into 65% residential and 18%

non-residential. In the State of Illinois, property taxes are the largest funding source for most local governments, including schools. Local units of government establish an annual tax levy, which is filed with the County Clerk's Office prior to the last Tuesday in December. The tax levy is split between two fiscal years. Many school districts accrue the spring tax collection to the following school year budget. District 99 has this model. District 58 does not have the level of funding to permit this, which means when it develops the budget for a fiscal year, the District is estimating two tax levies, the one that comes in the spring which will have the fall collection, and the next fiscal year.

An example: The District starts to create its budget for the 2022 fiscal year with an initial projection in December 2020. The District does not yet know what the taxes will be for the 2020 taxes payable in 2021, nor does it yet know the inflation for the following year. Base staffing levels need to be set by March 2021. The 2020 tax levy is known in April. If the District overestimates the 2020 taxes and then the 2021 tax levy, it could create a significant imbalance of expenditure over revenue. Below is a table that breaks down how a tax levy is spread by fiscal year. The District works on a 50/50 split. And since the audit is modified accrual, this means that some of the revenue that comes in July may be accrued back to the prior fiscal year so that the prior fiscal year reaches the 50% threshold. This also means that the increase in tax levy is split between two fiscal years as illustrated in the table below.

Levy to Fiscal Year Table

		Fiscal Year	
Levy year		Spring (early)	Fall (late)
2017		2018	2019
2018		2019	2020
2019		2020	2021
2020		2021	2022
2021		2022	2023
2022		2023	2024
2023		2024	2025
2024		2025	2026
2025		2026	2027
2026		2027	2028
2027		2028	2029
2028		2029	2030

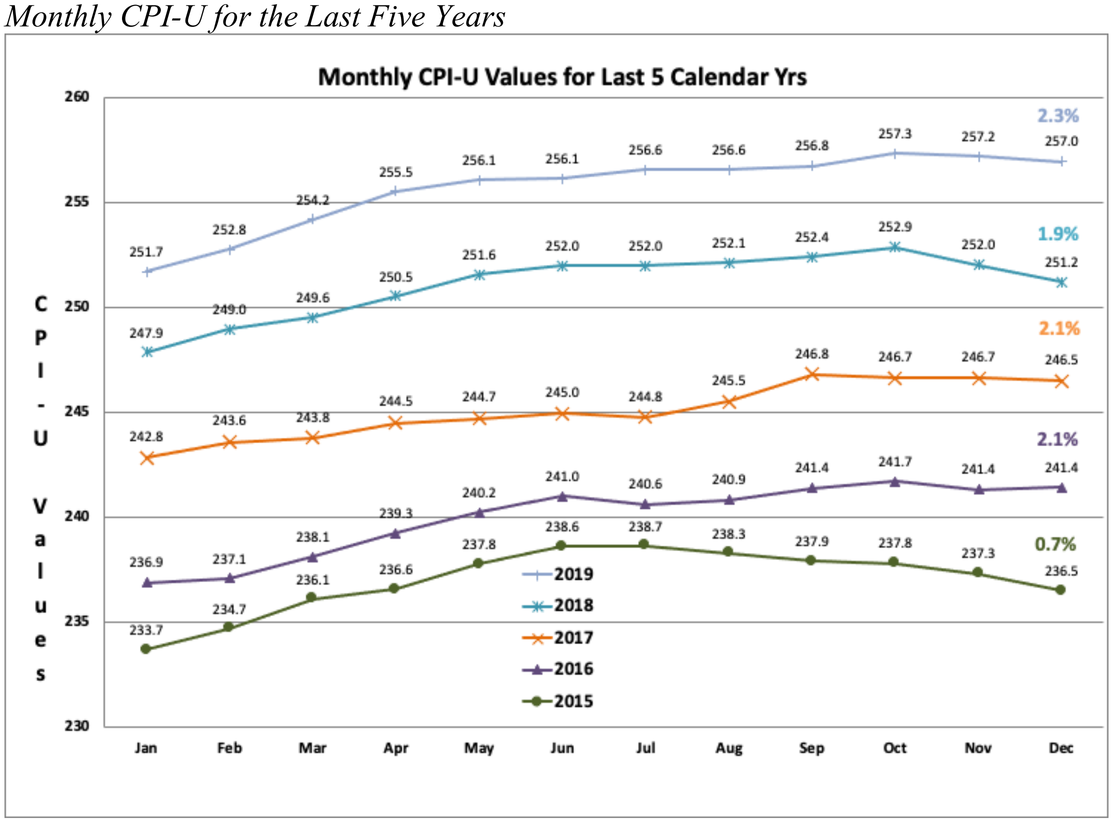
Table of Fiscal Year and Tax by Levy Year

Fiscal year	Pr YR Ext	Next YR Ext	1/2 Pr YR	1/2 Current Ext	Total Ext	Increase	% Increase from Pr Yr
2021	2019	2020	28,829,642	29,579,212	58,408,854	1,507,799	2.65%
2020	2018	2019	28,071,414	28,829,642	56,901,055	1,568,799	2.84%
2019	2017	2018	27,260,843	28,071,414	55,332,257	1,586,405	2.95%
2018	2016	2017	26,485,009	27,260,843	53,745,852	1,140,126	2.17%
2017	2015	2016	26,120,717	26,485,009	52,605,726	770,913	1.49%
2016	2014	2015	25,714,096	26,120,717	51,834,812	925,856	1.82%
2015	2013	2014	25,194,860	25,714,096	50,908,956	1,127,745	2.27%
2014	2012	2013	24,586,351	25,194,860	49,781,211	1,444,990	2.99%
2013	2011	2012	23,749,870	24,586,351	48,336,221	1,303,580	2.77%
2012	2010	2011	23,282,772	23,749,870	47,032,641	1,234,543	2.70%
2011	2009	2010	22,515,327	23,282,772	45,798,098	986,311	2.20%
2010	2008	2009	22,296,460	22,515,327	44,811,787		

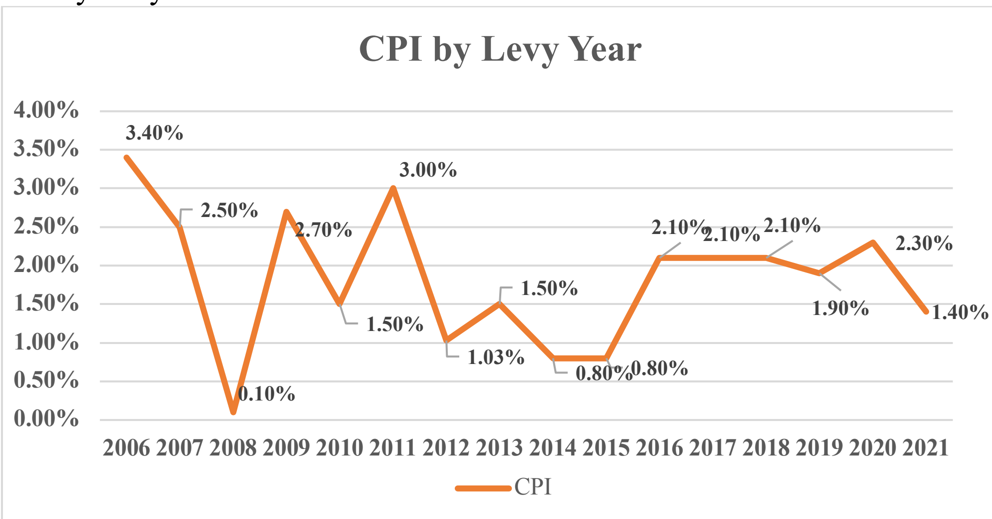
- ## Assessed Value, New Property CPI

The District is subject to the Property Tax Extension Limitation Law (PTELL), and is limited in the amount it can increase its levy from one year to the next by the Consumer Price Index for all urban goods (CPI-U) and the assessed value of new property within the District. The CPI-U that will be used for the 2020 levy collected in calendar year 2021 is 2.3%. The amount the District is certain to receive from the prior year is $1.324 million. Anything else will come from increases in new property.

Monthly CPI-U for the Last Five Years



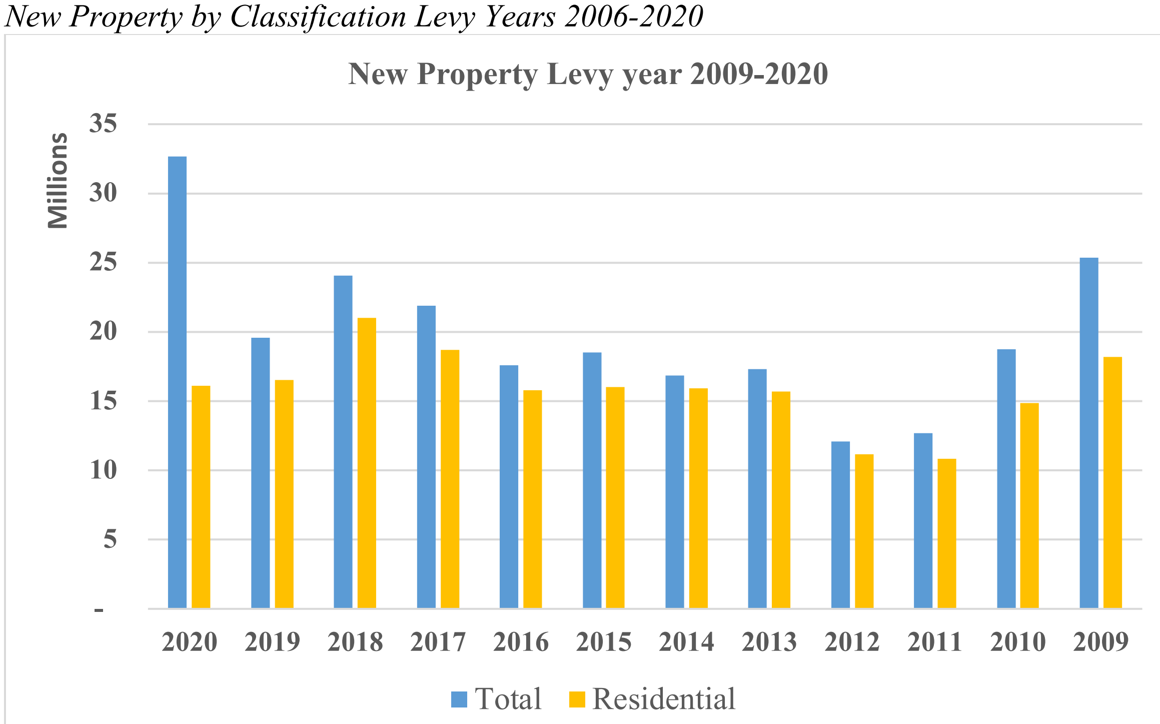
CPI by Levy Year 2006-2021



The CPI-U for the 2021 levy was published in January and is 1.4%, higher than the initial projection of 1%. The CPI has a significant impact on District revenue growth. For every 1.0% of CPI, the District receives $589,000 in revenue growth for a tax levy.

The 2020 tax levy is 42% of the revenue for the current fiscal year 2021, and an almost equal percent of the 2021 budget. Each tax levy is split between the current and the next fiscal year budget. The District is limited to increasing operating funds up to the Consumer Price Index (CPI) plus any increase that comes from new property. The CPI for the 2020 levy is 2.3%. The CPI will add $1.4 million in revenue from the prior year's levy. The District does not yet know what the new property will be for 2020.

New Property by Classification Levy Years 2006-2020



The District's budgets are based on realistically conservative estimates of new property based on historical trends and any known shifts from those trends; however, the annual levy request must take into account any unknown shifts that could occur with the addition of new property.

▪ TIF (Tax Increment Financing District)

When a TIF dissolves, the increment or value growth accumulation is listed as new property. Downers Grove District 58 has three TIF districts: the Ogden TIF; the downtown TIF in Downers Grove; and one TIF in Oak Brook, the Oak Brook Promenade, which was a waste management facility prior to development. In 2019 the District had 3% or 93.6 million of its total assessed value in increment.

The District has experienced growth in assessed value the last five years due to both appreciation of property and new construction. During a time where the District saw a decrease in aggregate valuation, there were still considerable increases in new construction for the District. It should also be noted that the change in aggregate is directly related to the change in value of sold property. Assessments are changed annually in accordance with sales ratio studies done of all property sales in an area. An increase notes the increase in value, based on recent sales. From 2015-2019, the District has seen existing property appreciate over 22%. This does not include downtown Downers Grove, the Ogden Avenue area or the Oak Brook Promenade, which are within TIF districts.

In this area, the pandemic has been a positive for the District. The longer term historically low interest rates have resulted in a robust housing market with houses selling in days and at asking price. Additionally, the unfortunate civil unrest in the City of Chicago in the spring and the significant reductions in business will likely have a positive impact on suburban communities both by people looking to move out and away from the City, and also the loss of that competing housing and commercial market for the short term.

▪ Fees

▪ OKEEP

This current projection plan is updated from the draft plan presented to the Board in March. This plan includes the recommended OKEEP fees. Both program revenue and expenditure are included in the projection. The annual amount of revenue for OKEEP is $1 million.

▪ Registration fees

Included in the financial projection is the increase in fees presented to the Board of Education at the March 2021 meeting. Fees for specific services and materials reflect any change in those costs. The overall registration fee is increased 5% from the prior year.

- ### *State Revenue*

  - #### Unrestricted State aid

The District received unrestricted evidence-based funding (EBF). The current plan includes a small increase in EBF for fiscal year 2022, and for the remainder of projection model. The current funding level is $3.33 million. It is likely the reduction in transportation expenditures throughout the State this year will allow the State to increase EBF funding for the next fiscal year.

  - #### Reimbursements

Special education reimbursements are estimated at the current $1.1 million.

Transportation is a reimbursement that will have a significant adjustment from fiscal year 2020 to 2023. Because the District receives reimbursement the following year, reduced expenditures in the prior year have a large impact on the revenue for the next. This means that in fiscal year 2022, revenue for transportation from the State will reflect the lost usage in 2020-2021. Because the District expects a normal transportation year in 2022, the result is a large imbalance between expenditure and revenue in fiscal year 2022. This will level out again, assuming normal operations in 2023.

- ### *Federal Revenue*

  - #### Title Grants

The District was able to carry forward all unspent title funds from fiscal year 2020. These funds will be used mostly in fiscal year 2021.

  - #### ESSR Grant/ COVID Funds

The District received an initial amount of federal funding for COVID assistance in spring of 2020. That amount was $280,000. The District received an additional award (ESSER II) of $800,000. The final financial plan has adjusted this to come in all of fiscal year 2021. The District has also received notice that ESSER III funds in excess of $1.2 million will be available for fiscal year 2022. These funds are projected to be spent between fiscal year 2022 and 2023. **It is very important to note that the reason the District is able to restore programs and positions for fiscal year 2022 is due to this funding. Additionally, the ability to use $800,000 of the ESSER II funding in fiscal year 2022 is a huge impact to the District projected to end the year with revenue over expenditures.**

Any other federal grants, currently not projected, will be worked into fiscal year 2022.

6. Expenditure

The initial projection in December included technology updates and continuing current funding levels of curriculum updates. However, the current updates to curriculum the first few years of the projection are lower cost resources, and as such have small cost compared to prior years. Additionally, in reviewing current resources for fiscal year 2022, the District has a very limited level of funding. Some of the technology upgrades were moved to fiscal year 2023 when the District will have additional resources from the TIF dissolution. Both the curriculum roll-out table and a technology planning model are below. The assumptions used for the calculation of the financial plan are attached toward the end of the section.

○ Staffing Plan

The staffing plan presented at the April meeting is the plan used for the creation of the financial plan. Due to the increase in ESSER funding, reductions in programs initially forecasted in December will not have to take place. The District makes adjustments to positions due to needs of students and for efficiencies to ensure that the limited resources of the District are best utilized. Allocation of assistant principals and other student support personnel are reviewed annually. Reductions in staffing that would be done to balance the budget, which was projected in December, are not needed at this time. This is in large part due to the ESSER III funds.

○ Benefits

The initial projection for health insurance included a 5% increase from fiscal year 2021 to 2022. This would mean that effective January 1, 2022, the District would need to increase health insurance rates 10%. Given the current market and impact of COVID on reduction in use of health insurance benefits, current forecasts do not foresee that level of increase. The updated projection is for a 2% increase of premiums for fiscal year 2022, which would require an increase of premiums of 4% effective January 1. The Board will receive an initial report at the September Board meeting and formal recommendation from the Health and Wellness Committee at the October Board meeting to establish rates for January 1, 2022.

○ District 58 Curriculum Timeline

This timeline includes the assumption that the Illinois Learning Standards will remain consistent throughout the years depicted here. The table has been updated to reflect the current update timeline. The financial plan has estimates of curriculum updates based on the timeline below.

<u>English/Language Arts</u>

Adoption	2018-19 school year	
5-year Review	~~2021-22 school year~~	2022-23 school year
Potential Renewal or Adoption	*~~2023-24 school year~~*	*2024-25 school year*
Next 5-year review	*~~2029-30 school year~~*	*2030-31 school year*

<u>Science</u>

Adoption	2019-20 school year

5-year Review	~~2023-24 school year~~	2024-25 school year
Potential Renewal or Adoption	*~~2025-26 school year~~*	*2026-27 school year*

Math

Adoption	2020-21 school year	
5-year review	~~2025-26 school year~~	2026-27 school year
Potential Renewal or Adoption	*~~2027-28 school year~~*	*2028-29 school year*

Social Studies

Adoption	~~2021-22 school year~~	2021-22 gr 6-8/ 2022-23 gr K-5
5-year review	~~2026-27 school year~~	2028-29 school year
Potential Renewal or Adoption	*~~2028-29 school year~~*	*2030-31 school year*

Social-Emotional Learning

5-year review	2018-19 school year
Recommendations	*2019-20 school year*
5-year review	2024-25 school year
Potential Renewal or Adoption	*2026-27 school year*

- Middle School Exploratory
  - Complete committee driven curricular refresh for the 2019-20 school year. Review and revision during ~~2020-21~~ 2021-22 school year
- Art
  - Curriculum scope and sequence review and revision 2018-19 and 2019-20 school year
  - Complete standards-aligned scope & sequence to be complete for Fall 2021 in grades K-6; gr 7-8 implemented Fall 2019.
- General Music
  - Ongoing curriculum scope and sequence review and revision. Full Scope and Sequence developed for Fall 2021
  - Complete standards-aligned scope & sequence to be complete for Fall 2020 in grades K-6; gr 7-8 implemented Fall 2019.
- Band/Orchestra
  - Ongoing curriculum scope and sequence review and revision
  - Regular analysis and updating of method books/resources (Band updates in 2012, 2017, 2018; Orchestra in 2013, 2018)
- English Learners
  - Current resources established and in place; regular and ongoing review of alignment with district curricula (emphasis on ELA)
  - Comprehensive review under consideration in the ~~2020-21~~ 2021-22school year
- Dual Language/Biliteracy
  - Committee formed in Fall 2018; working on defining program pedagogy and vision
  - Update to Board of Education ~~April 2020~~ May 2021 on committee progress
- Developmental Learning Program
  - Ongoing curricular review, development and alignment with standards and individualized student needs
- Gifted

- Ongoing unit review and revision; work group convening in ~~2020~~ 2021-22 school year for 5-year review
- Middle School Full Year Foreign Language
    - Aligned to District 99; major revision would be driven by the high school course. Ongoing work to ensure alignment to standards.
- Preschool
    - Core Curricular Resource (Creative Curriculum 6th Edition) adopted 2018-19 school year
    - Adoption of research-based developmental assessment (Teaching Strategies Gold) and Zones of Regulation (Self-Regulation Curriculum) 2019-2020 school year
    - Ongoing review of implementation and alignment
- Library Skills
    - Ongoing curriculum scope and sequence review and revision
    - Revisions in 2018-19 and 2019-20 school year in grades K-2 as additional time added
- Middle School Health
    - Two-year scope and sequence developed and implemented in 2018-19 school year
    - Current review and potential revision as year two of implementation is nearing completion

Technology Updates

2022 $0.05M • Server updates
2023 $0.4M • Wireless Network, K-6 iPad, switches, partial staff iPads
2024 $0.3M • Firewall, Middle school Chromebooks •
2025 $0.3M • Lan Switch, Staff Laptop refresh •
2026 $0.3M • Continuation of lease payments from prior years

Capital Projects

District 58 has many capital updates that are needed throughout each of the buildings. All facilities have been well kept and maintained but are now showing this lack of capital renewal. The Buildings and Grounds Department has done a great job stretching the operations of many components; however, there is a limit and elevated risk to what can be accomplished under this strategy. The time has come that the District is faced with making decisions to allocate significant resources to upgrade various systems in each building. The extensive list of improvements cannot be funded within the current operations budget or any short-term borrowing capabilities. Thus, significant involvement and resources from the community will be necessary to tackle this high level of deferred maintenance. The most common recommended projects fall into the categories of Sitework, Interiors, Building Envelope, and Mechanical, Electrical, and Plumbing systems.

As part of our Master Facilities Plan process, an initial budget estimate was developed based on a component-by-component analysis of each need, an understanding of each building area affected, and consideration of how all components are interrelated. These categories totaled approximately $176,000,000 and covered topics such as, but not limited to, pavement, windows, roofs, electrical systems, secure vestibules, indoor air quality, boilers, plumbing, door hardware, and ADA signage.

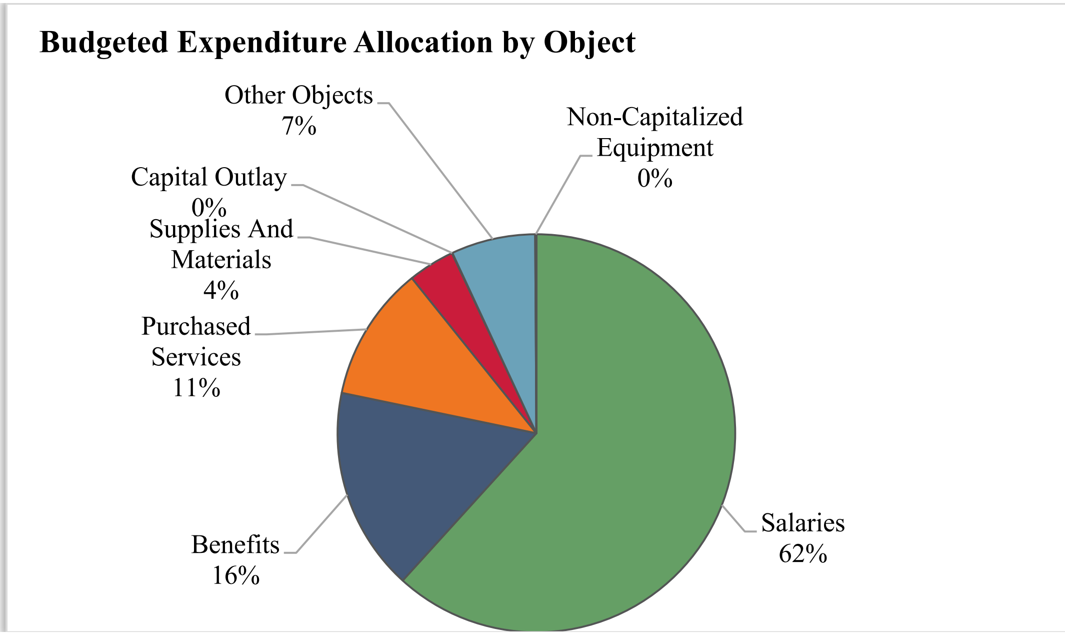
Realizing the mountain of work to do and the immediate needs that have been presented, the District borrowed funds to cover improvements for fiscal year 2022. The majority of these funds represent a new roof, rooftop units, and new boilers for the Pierce Downer School. The Pierce Downer boilers were among the oldest in the District, having been converted from coal to gas burning. Other priorities for fiscal year 2022 include targeted mechanical improvements at Fairmount Elementary School, and asphalt repairs at Herrick Middle School and Henry Puffer Elementary School. The projected amount of these capital improvements is approximately $3.2 million. Additionally, the Climb Higher at Highland group has made significant investment towards their playground renovation. We hope to make their efforts a reality and public bidding will commence in April of 2021. The estimated project cost is $225,000. It is anticipated that $50,000 will come from Operations and Maintenance budgeted funds.

As the list of items to address is getting longer and more urgent, the District must continue to improve areas each year. Every year that improvements are delayed further exacerbates the condition of the asset while also adding escalation costs for each year items are not improved. For example, a wall of an elementary school that already needs masonry improvements continues to crack and deteriorate. Maintenance that can be of significant cost further deteriorates to even more costly repairs. In addition, labor costs increase each year further increasing the total cost of improvements. For these reasons, we must continue to target our backlog of necessary repairs. Finally, there are technological advancements that can significantly save the District future money such as efficient boilers and LED lighting. These improvements are incentivized through the public utilities for the upfront costs and can pay for themselves in a short period of time.

The next set of priorities for fiscal year 2023 continues to focus on protecting our building envelope (roofs and walls), meeting the needs of buildings (pavement reconstruction), and reducing future operation costs (LED lighting). Work continues to develop these project specific budgets. It is fully anticipated that we will not have enough funding to execute these projects in entirety and will need to scale back the total spend. We have established a budget goal of $2.5 million to address these needs in fiscal year 2023. For fiscal years beyond 2023, the level of capital work will correlate to funding available from a potential referendum or available Debt Service Extension Base (DSEB) amounts.

Fiscal year 2022: $3.2M
Fiscal year 2023: $2.5M
Fiscal year 2024: Limited projects without community capital referendum; $250,000

○ Expenditure review



	Updated Projection	PROJECTED		PROJECTED		PROJECTED		PROJECTED		PROJECTED	
	FY 2021	FY 2022	% Δ	FY 2023	% Δ	FY 2024	% Δ	FY 2025	% Δ	FY 2026	% Δ
Salaries	$42,759,182	$43,621,673	2.02%	$44,520,417	2.06%	$45,787,210	2.85%	$47,431,669	3.59%	$49,141,135	3.60%
Benefits	$11,441,736	$11,660,654	1.91%	$12,153,326	4.23%	$12,684,311	4.37%	$13,248,493	4.45%	$13,842,438	4.48%
TOTAL SALARIES & BENEFITS	**$54,200,918**	**$55,282,327**	2.00%	**$56,673,742**	2.52%	**$58,471,521**	3.17%	**$60,680,162**	3.78%	**$62,983,573**	3.80%
Purchased Services	$7,598,142	$9,221,081	21.36%	$9,342,561	1.32%	$9,551,263	2.23%	$9,767,145	2.26%	$9,990,457	2.29%
Supplies And Materials	$2,623,455	$2,553,486	-2.67%	$2,560,601	0.28%	$2,577,087	0.64%	$2,643,742	2.59%	$2,661,070	0.66%
Capital Outlay	$28,000	$28,000	0.00%	$28,000	0.00%	$28,000	0.00%	$28,000	0.00%	$28,000	0.00%
Other Objects	$4,740,839	$5,290,857	11.60%	$5,294,978	0.08%	$5,397,816	1.94%	$5,471,219	1.36%	$5,546,091	1.37%
Non-Capitalized Equipment	$67,650	$118,711	75.48%	$221,664	86.73%	$224,765	1.40%	$228,021	1.45%	$231,439	1.50%
Termination Benefits	$0	$0		$0		$0		$0		$0	
Provision For Contingencies	$0	$0		$0		$0		$0		$0	
TOTAL ALL OTHER	**$15,058,085**	**$17,212,135**	14.30%	**$17,447,805**	1.37%	**$17,778,932**	1.90%	**$18,138,127**	2.02%	**$18,457,058**	1.76%
TOTAL EXPENDITURES	**$69,259,003**	**$72,494,462**	4.67%	**$74,121,547**	2.24%	**$76,250,454**	2.87%	**$78,818,289**	3.37%	**$81,440,631**	3.33%

Staffing Adjustments from current staffing levels for FY 2021

	PROJECTIONS				
	2022	2023	2024	2025	2026
FTE Change					
Certified Salaries FTE change #	0.5	0.0	0.0	0.0	0.0
Admin Salaries FTE change #	-0.8	0.0	0.0	0.0	0.0
Stipends FTE change #	0.0	0.0	0.0	0.0	0.0
ssified (non-IA) Salaries FTE change #	-0.5	0.0	0.0	0.0	0.0
IA Salaries FTE change #	0.0	0.0	0.0	0.0	0.0
Custodial Salaries FTE change #	0.0	0.0	0.0	0.0	0.0
Substitutes Certified FTE change #	0.0	0.0	0.0	0.0	0.0
Substitutes Classified FTE change #	0.0	0.0	0.0	0.0	0.0
Custodial Sub Salaries FTE change #	0.0	0.0	0.0	0.0	0.0
Salary Group J FTE change #	0.0	0.0	0.0	0.0	0.0
Salary Group K FTE change #	0.0	0.0	0.0	0.0	0.0
Salary Group L FTE change #	0.0	0.0	0.0	0.0	0.0
Salary Group M FTE change #	0.0	0.0	0.0	0.0	0.0
Salary Group N FTE change #	0.0	0.0	0.0	0.0	0.0
Salary Group O FTE change #	0.0	0.0	0.0	0.0	0.0
Total FTE Change	**-0.80**	**0.00**	**0.00**	**0.00**	**0.00**

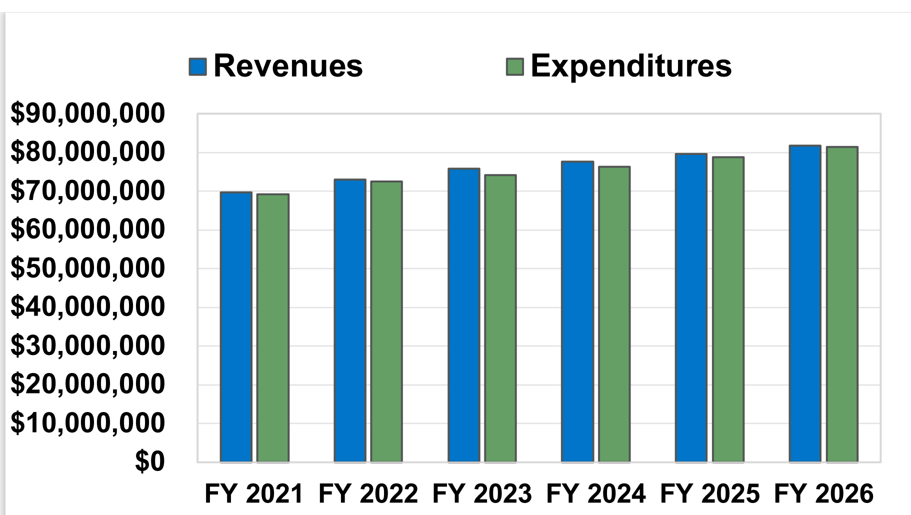
Benefit Assumptions

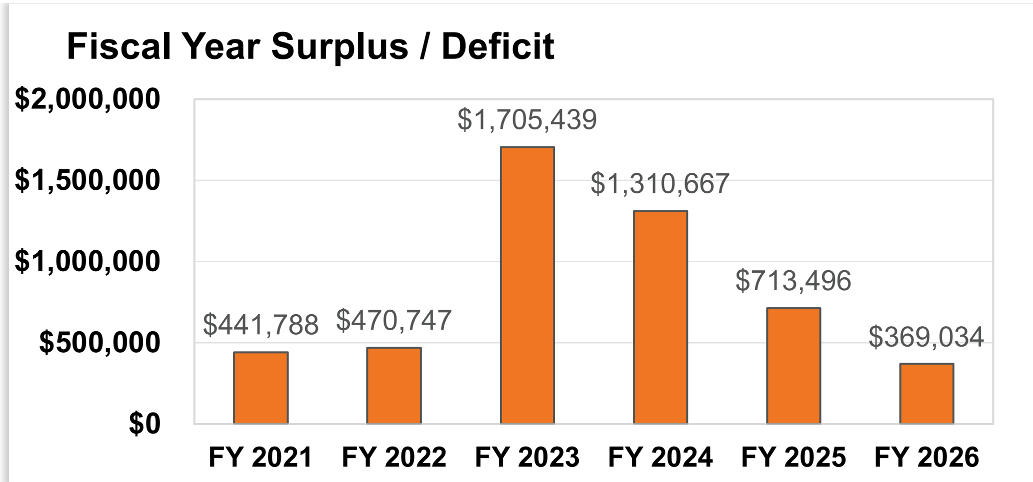
	PROJECTIONS				
	2022	2023	2024	2025	2026
Benefits (% CHANGES)					
Medical	2.00%	5.00%	5.00%	5.00%	5.00%
Dental	0.00%	0.00%	1.00%	0.00%	1.00%
Life / ADD	0.00%	0.00%	0.00%	0.00%	0.00%
Vision	0.00%	0.00%	0.00%	0.00%	0.00%
Optional	0.00%	0.00%	0.00%	0.00%	0.00%
Other Benefits	0.00%	0.00%	0.00%	0.00%	0.00%
NET # of FTEs with Insurance	**(0.80)**	-	-	-	-
Average New Hire Benefits Cost					
Medical	$18,192	$19,102	$20,057	$21,060	$22,112
Dental	$757	$757	$765	$765	$772
Life / ADD	$0	$0	$0	$0	$0
Vision	$70	$70	$70	$70	$70
Optional	$0	$0	$0	$0	$0
Other Benefits	$0	$0	$0	$0	$0
otal Average New Hire Benefits Cost	$0	$0	$0	$0	$0
Salaries by Pension Fund					
Total TRS Salaries	$38,239,058	$38,983,159	$40,086,913	$41,563,390	$43,099,835
Total IMRF Salaries	$5,383,718	$5,539,010	$5,702,142	$5,870,168	$6,043,234
Total Non-Pension Salaries	$0	$0	$0	$0	$0
Total Salaries	**$43,622,775**	**$44,522,169**	**$45,789,055**	**$47,433,558**	**$49,143,069**
tirement Contributions (% Change)					
IMRF	3.04%	2.88%	2.95%	2.95%	2.95%
FICA	3.04%	2.88%	2.95%	2.95%	2.95%
Medicare	2.02%	2.06%	2.85%	3.59%	3.60%
TRS/THIS	1.88%	1.95%	2.83%	3.68%	3.70%
TRS Cost Shift	0.00%	0.00%	0.00%	0.00%	0.00%

7. Year-end Fund Balance

	Updated Projection FY 2021	PROJECTED FY 2022	% Δ	PROJECTED FY 2023	% Δ	PROJECTED FY 2024	% Δ	PROJECTED FY 2025	% Δ	PROJECTED FY 2026	% Δ
REVENUE											
Local	$60,235,291	$64,194,709	6.57%	$66,348,309	3.35%	$67,895,965	2.33%	$69,439,249	2.27%	$70,982,178	2.22%
State	$6,150,054	$5,650,054	-8.13%	$6,771,045	19.84%	$7,209,787	6.48%	$7,338,739	1.79%	$7,470,865	1.80%
Federal	$3,315,446	$3,120,446	-5.88%	$2,707,632	-13.23%	$2,455,369	-9.32%	$2,753,797	#####	$3,356,622	21.89%
Other	$0	$0		$0		$0		$0		$0	
TOTAL REVENUE	**$69,700,791**	**$72,965,209**	**4.68%**	**$75,826,986**	**3.92%**	**$77,561,120**	**2.29%**	**$79,531,785**	**2.54%**	**$81,809,665**	**2.86%**
EXPENDITURES											
Salary and Benefit Costs	$54,200,918	$55,282,327	2.00%	$56,673,742	2.52%	$58,471,521	3.17%	$60,680,162	3.78%	$62,983,573	3.80%
Other	$15,058,085	$17,212,135	14.30%	$17,447,805	1.37%	$17,778,932	1.90%	$18,138,127	2.02%	$18,457,058	1.76%
TOTAL EXPENDITURES	**$69,259,003**	**$72,494,462**	**4.67%**	**$74,121,547**	**2.24%**	**$76,250,454**	**2.87%**	**$78,818,289**	**3.37%**	**$81,440,631**	**3.33%**
SURPLUS / DEFICIT	**$441,788**	**$470,747**		**$1,705,439**		**$1,310,667**		**$713,496**		**$369,034**	
OTHER FINANCING SOURCES / USES											
Other Financing Sources	$3,487,424	$0		$0		$0		$0		$0	
Other Financing Uses	($3,230,000)	$0		$0		$0		$0		$0	
TOTAL OTHER FIN. SOURCES / USES	**$257,424**	**$0**		**$0**		**$0**		**$0**		**$0**	
SURPLUS / DEFICIT INCL. OTHER FIN. SOURCES	**$699,212**	**$470,747**		**$1,705,439**		**$1,310,667**		**$713,496**		**$369,034**	
BEGINNING FUND BALANCE	**$26,614,254**	**$27,313,466**		**$27,784,213**		**$29,489,652**		**$30,800,318**		**$31,513,814**	
AUDIT ADUSTMENTS TO FUND BALANCE	$0	$0		$0		$0		$0		$0	
PROJECTED YEAR END BALANCE	**$27,313,466**	**$27,784,213**		**$29,489,652**		**$30,800,318**		**$31,513,814**		**$31,882,849**	
FUND BALANCE AS % OF EXPENDITURES	**39.44%**	**38.33%**		**39.79%**		**40.39%**		**39.98%**		**39.15%**	
FUND BALANCE AS # OF MONTHS OF EXPEND.	**4.73**	**4.60**		**4.77**		**4.85**		**4.80**		**4.70**	

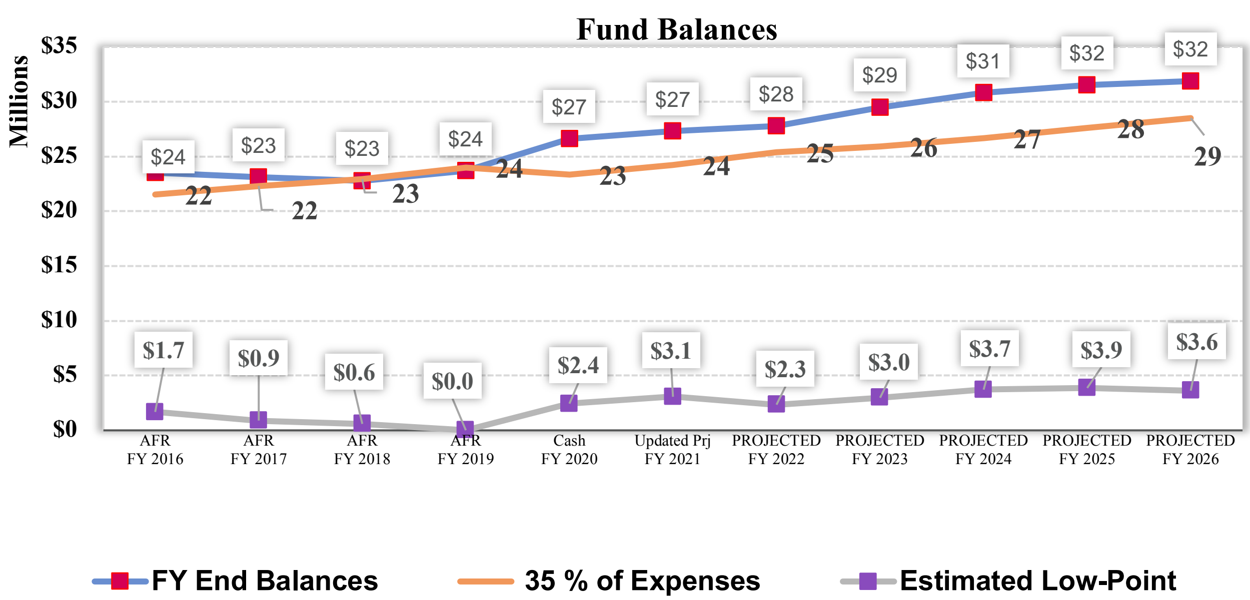
The table above notes the revenue and expenditures and fund balance projection. The current projection has revenue over expenditures for fiscal year 2022 of $470,000 or 0.5% of the projected expenditures. These are very slim margins based on the size of the overall budget.





The graph below is the projected fund balance comparison to the 35% fund balance level and an estimate of the low cash point. Because the District is so dependent on property taxes and 48% of its overall revenue is received in the last 30 days of the fiscal year, low cash balances are a concern during the year. The District's lowest cash point is at the end of May right before it receives the early spring property taxes. If that cycle is ever late the District will not have funds on hand to make its payroll for early June, which is often the largest payroll since it has the payout of many stipends from the spring semester. To put these low cash points in perspective, the gross payroll for one distribution is $2 million. The 35% policy helps to maintain a conservative cash balance to ensure cash flow, though it does look at year-end to be a large number.

Traditionally, DuPage County taxes have always come in on time and funds have been on hand prior to the payroll date; however, the difference between those funds being received and the required level in the bank account is sometimes less than five working days.



8. Conclusion and Recommendation

The initial Budget approved by the Board of Education in September for fiscal year 2021 had a deficit of $1.6 million. This deficit has been reduced due to having no transportation the first month of school and the addition of $800,000 in ESSER funds. Additionally, the District worked throughout the entire year to control costs when possible. At the December 7th Financial Workshop, the District anticipated an additional deficit over $1 million for fiscal year 2022. That deficit was caused by the huge reduction in transportation reimbursement in fiscal year 2022 and freeze on State unrestricted funds, the continual significant loss of interest income, and cost increases. As the budget process continued, we were able to reduce the projection for health insurance growth and other expenditures. The largest impact to fiscal year 2022 and for that matter 2021 is the addition of $1.2 million in ESSER III funds. These funds allowed the District to move all of the ESSER II funds into fiscal year 2021, and increase anticipated added revenue for fiscal year 2022. These funds are allowing the District to retain positions and services it would otherwise cut for fiscal year 2022.

Currently, with the regulations established by the CDC and IDPH, the District is able to offer OKEEP for the fall, which allows for the continued employment of those staff members employed by the District to run that program. OKEEP doubles kindergarten teachers for the District, and the impact is equal to the fees charged for OKEEP, roughly $1.0 million.

The changes in revenue from the federal government not only allow the District to retain staffing and program levels; it also ensures that the District will have revenue over expenditures and anticipates a fund balance in excess of the 35% fund balance policy that is on the April Board agenda for first reading.

Recommendation: It is recommended that the Board of Education approve the 2022-2026 financial plan which will be used to develop the 2022 budget.