

To: Board of Education
Dr. Laurie Heinz, Superintendent

From: Luann Kolstad, Chief School Business Official

Date: September 25, 2017

Subject: Adoption of FY18 District 64 Budget

The action the Board takes tonight to adopt the 2017-18 budget is the culmination of work that began in early 2017, when administration presented enrollment projections and staffing requirements for 2017-18 to the Board.

During the spring, administration met individually with each program area to review their 2016-17 expenditures and to set their 2017-18 budgets based on the needs of the program. Budgets at the school level are set using formulas based on per pupil or staff allocations. Equipment that needed replacement was also identified and included in the budget. At the District level, budgets are set based on the needs of each department in terms of meeting their strategic objectives for the next year. A zero-based budgeting approach is taken with all budgets.

The 2017-18 Fiscal Year Budget Book provided in hardcover and online contains the following documents (Attachment 1):

- **Investments in Student Learning** - Covers our progress implementing the *2020 Vision* Strategic Plan and information on objectives for this year.
- **2017-18 Adopted Budget Fund Balance** - Quick snapshot of our projected Fund Balance on June, 30, 2018.
- **Adopted 2017-18 Budget Comparison to 2016-17 Actuals** - This document compares the 2016-17 Unaudited Actuals with the 2017-18 Adopted Budget. Comparison against the Unaudited Actuals shows a clearer picture than comparing budget to budget, because the Unaudited Actuals represent what actually transpired during 2016-17.
- **Financial Projections** - This is the Board's first look at both the 2016-17 Unaudited Actuals and the 2017-18 Adopted Budget in the projections. The District ended the 2016-17 year with a fund balance of 64.69% representing 236 Days Cash on Hand. Looking forward at projected results for 2017-18 based on the Adopted Budget, administration is projecting the fund balance to be 63.04% with 230 Days Cash on Hand.
- **Revenue & Expenditure Budgets** - The budget book contains both the Excel and Illinois State Board of Education budgets.
- **State Budget Form** - This is the legal budget document submitted to the State Board of Education and signed by all Board members upon adoption.

The Board continues to fulfill its promise to taxpayers as part of the 2007 referendum to not request additional referenda funding from them for 10 years. ***Based on our current financial projections***

and assumptions, that will be extended beyond the 2020-21 fiscal year. As development of the 2017 Tax Levy begins, a fifth year will be added to the projections along with any changes in the assumptions used.

Fiscal Year Highlights

The Revenues in the Adopted Budget show a 3.28% increase over the 2016-17 Unaudited Actuals. If the State of Illinois had made all payments due to the District last year, this variance would be reduced to 2.20%. The 2016 Tax Levy CPI-U was 0.70% and the 2017 Tax Levy CPI-U is 2.10%. The increase in the CPI-U and the increase in new construction received from the 2016 Tax Levy is helping the District to maintain fund balances on an even keel.

Expenditures in the Adopted Budget show an increase of 4.47%. The majority of this increase is in the Operations and Maintenance budget. Although not as many smaller, in-house construction projects were accomplished as budgeted in 2016-17, administration is hopeful that in 2017-18 we will be able to accomplish more. The new outdoor energy efficient lighting at Washington and Emerson Middle schools will come out of this budget, along with projects that occurred this past summer and projects we will work on over the school year and beginning of summer 2018.

Salaries in the Education Fund have a positive 0.5% increase. The small increase is due to the retirement of 26 employees who were replaced by 26 new hires at substantially lower salaries. The savings in the Certified Teacher group was \$754K, which offsets the Termination Benefits being paid in 2017-18. Administration kept their promise to the Board and hired highly qualified replacements, while also maintaining fiscal restraint. The District will enjoy this savings for many years to come. Going forward, the District will have 9-10 retirements this year; seven already submitted their irrevocable letter on January 1, 2017 and we anticipate receiving a few more as the year continues.

Administration will continue to monitor expenditures through the coming year, keeping them in check with the budget and making decisions guided by program needs *not* wants.

ADOPTION OF THE 2017-18 BUDGET

The Administration has been working with District staff since January 2017 to develop the 2017-18 budget that is being presented to the Board of Education for adoption. The budget herein represents our best estimate of revenues and expenditures for the 2017-18 fiscal year.

ACTION ITEM 17-09-6

I move that the Board of Education of Community Consolidated School District 64, Park Ridge-Niles, Illinois, adopt the budget for the fiscal year beginning July 1, 2017 and ending June 30, 2018, as presented.

Moved by: _____ Seconded by: _____

AYES:

NAYES:

PRESENT:

ABSENT:

9/25/17