

To: Board of Education
Dr. Laurie Heinz, Superintendent
From: Luann Kolstad, Chief School Business Official
Date: September 24, 2018
Subject: Adoption of District 64 Budget FY19

The action the Board takes tonight to adopt the 2018-19 budget is the culmination of work that began in early 2018, when administration presented enrollment projections and staffing requirements for 2018-19 to the Board.

During the spring, administration met individually with each curricular/program area to review their 2017-18 expenditures and to set their 2018-19 budgets based on the needs of the program. Budgets at the school level are set using per pupil formulas and/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 2018-19 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.
- **2018-19 Adopted Budget Fund Balance** - Quick snapshot of our projected fund balance for the Operating Funds on June 30, 2019.
- **Adopted 2018-19 Budget Comparison to 2017-18 Actuals** - This document compares the 2018-19 Adopted Budget with the 2017-18 unaudited actuals. Comparison against the unaudited actuals shows a clearer picture than comparing budget to budget, because the unaudited actuals represent what actually transpired during 2017-18.
- **Financial Projections** - This is the Board's first look at both the 2017-18 unaudited actuals and the 2018-19 Adopted Budget in the projections. The District ended the 2017-18 year with a fund balance of 69.98% representing 255 Days Cash on Hand. Looking forward at projected results for 2018-19 based on the Adopted Budget, administration is projecting the fund balance to be 66.19% with 242 Days Cash on Hand. The Board policy is 120 Days Cash on Hand with a 33% fund balance.
- **2018-19 Detailed Revenue, Expenditure, and Other Financing Sources/Uses Budgets** - These sections show the most detailed view of the budget itemized by every single account number within the District's general ledger.
- **State Budget Form** - This is the legal budget document submitted to the State Board of Education and signed by all Board members upon adoption. (In the online Board packet materials this form can be found with the legal documents associated with the budget near the front of the Appendix instead of at the end of Attachment 1.)

The Board continues to exceed its promise to taxpayers as part of the 2007 referendum to not request additional referenda funding from them for 10 years or through 2017. ***Based on our current financial projections and assumptions***, that will be extended beyond the 2021-22 fiscal year. As development of the 2018 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 1.33% decrease from the 2017-18 unaudited actuals. The State of Illinois introduced a new funding formula in 2017-18 and caught up on some delinquent payments, so the District experienced an unusual increase in revenue that is not expected to repeat in 2018-19. The CPI-U was 2.10% for both the 2017 and 2018 tax levies. The moderate CPI-U and the increase in new construction received from the 2017 tax levy is helping the District to maintain fund balances on an even keel.

Operating Fund expenditures in the 2018-19 Adopted Budget show an increase of 5.30% over the 2017-18 unaudited actuals. The Education Fund budget makes up the largest component of this increase. There is a noticeable increase in Purchased Services in the Education Fund. Many of our online curriculum subscriptions came due this year; a Quest bill from last year for food service was not paid until 2018-19; and administration has allocated funds for the implementation of new financial/human resources software. The curriculum subscriptions are typically multi-year renewals to receiving better pricing, but the District is examining how to better stagger these renewals in the future to prevent large budget fluctuations from year to year. Adjustments to future years Purchased Services will be done when administration brings the 2018 Tax Levy to the Board for review later this fall.

District-wide salaries are budgeted to increase 3.09% while termination benefits are projected to decrease \$450,000. The District continues to see savings from the retirement incentives offered in the Park Ridge Education Association (PREA) contract. There were 11 PREA retirements in June 2018. Administration continues to hire highly qualified replacements while maintaining fiscal restraint per the Board's direction. Retirement incentives are paid in both the year of retirement and the year after retirement. When looking at salaries and termination benefits combined for the PREA membership, the budget for 2018-19 includes an increase of 2.78% as compared to 2017-18 actuals.

Changes made to the 2018-19 Budget since the Board's last review are:

Education Fund 10:

- Boundary Study - \$30K
- Special Education - moved \$100K of \$500K contingency into Special Education for purchase of curriculum materials, etc. New administration is reviewing needs.
- Psychological Services - \$25K for update of materials
- Quest April 2017 bill - \$118K

Construction Fund 60:

- National Roofing payment for summer 2017 work - \$181,200
- Cryer Olsen payment for summer 2017 work - \$55K

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 2018-19 BUDGET

The Administration has been working with District staff since January 2018 to develop the 2018-19 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 2018-19 fiscal year (Attachment 1).

ACTION ITEM 18-09-1

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, 2018 and ending June 30, 2019, as presented.

Moved by: _____ Seconded by: _____

AYES:

NAYES:

PRESENT:

ABSENT:

9/24/18