

To: Board of Education
Dr. Eric Olson, Superintendent
From: Luann Kolstad, Chief School Business Official
Date: September 23, 2019
Subject: Adoption of District 64 Budget FY20

The action the Board takes tonight to adopt the 2019-20 budget is the culmination of work that began in early 2019, when administration presented 2019-20 enrollment projections and staffing requirements to the Board.

During the spring, administration met individually with each curricular/program area to review their 2018-19 expenditures and to set their 2019-20 budgets based on program needs. Budgets at the school level are set using per-pupil formulas and/or staff allocations. Equipment needing 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 2019-20 Fiscal Year Budget Book, provided in hardcover and online, contains the following documents (Attachment 1):

- **Investments in Student Learning** - This covers our progress implementing the *2020 Vision* Strategic Plan and information on objectives for this year.
- **2019-20 Adopted Budget Fund Balance** - This is a quick snapshot of our projected fund balance for the Operating Funds on June 30, 2020. New this year, the Fund Balance document was generated using the new financial software, Infinite Visions, adding to our level of transparency by having reports generated directly from the financial software and not manipulated in an Excel document.
- **Adopted 2019-20 Budget Comparison to 2018-19 Actuals** - This document compares the 2019-20 Adopted Budget with the 2018-19 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 2018-19.
- **Financial Projections** - This is the Board's first look at both the 2018-19 unaudited actuals and the 2019-20 Adopted Budget in the projections. The District ended the 2018-19 year with a fund balance of 58.85 representing 209 Days Cash on Hand. Looking forward at the projected results for 2019-20 based on the Adopted Budget, administration is projecting the fund balance to be 48.42% with 177 Days Cash on Hand. The Board policy is 120 Days Cash on Hand with a 33% fund balance.
- **2019-20 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. (This form can be found in the online Board packet materials, among 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 2019 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 2.77% decrease from the 2018-19 unaudited actuals. A CPI-U of 2.10% for the 2018 tax levy and 1.90% for the 2019 tax levy and increased new construction over the last two years, has helped to increase the revenues that the District is receiving.

At the end of the 2018-19 fiscal year, the District moved \$7M from Working Cash into Capital Projects, budgeted this year, is moving \$4M from the Operations and Maintenance Fund Balance and \$2M from the Education Fund Balance. The transferring of \$13M from Operating Funds into Capital Projects over the last two years, does affect the overall Operating Fund Balance. The \$6M in budgeted transfers for this year brings the Fund Balance in Operating Funds down to 47.30% with 173 days cash on hand. The impact on the fund balance from the \$6M transfer is a reduction of approximately 10% in the Fund Balance or 36 days cash on hand.

Operating Fund expenditures in the 2019-20 Adopted Budget show an increase of 4.42% over the 2018-19 unaudited actuals. The Education Fund budget makes up the largest component of this increase with an increase of 5.1% overall. The main drivers of this increase are salaries increased by 3.6% with the hiring of additional certified staff and a large increase in substitutes for employees out on medical leave, supplies are up an average of 30% mainly due to curriculum adoption costs and special education curriculum and materials costs. In addition, this budget contains many final numbers for our federal grants which we typically do not have at this time.

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 2019-20 BUDGET

The Administration has been working with District staff since January 2019 to develop the 2019-20 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 2019-20 fiscal year (Attachment 1).

ACTION ITEM 19-09-5

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, 2019 and ending June 30, 2020, as presented.

Moved by: _____ Seconded by: _____

AYES:

NAYES:

PRESENT:

ABSENT:

9/23/19