

BOARD OF EDUCATION
COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

COMMITTEE-OF-THE-WHOLE on FINANCE

Monday, June 14, 2010
7:00 p.m. – 7:30 p.m.

Hendee Educational Service Center
164 S. Prospect Avenue

AGENDA

1. Call to Order and Roll Call
2. Review Tentative Budget Draft #2
3. Adjournment

To: Board of Education
Superintendent Sally Pryor

From: Rebecca Allard, Business Manager

Date: June 14, 2010

Subject: Update on 2010-11 Tentative Budget

The first draft of the tentative budget for 2010-11 was presented at the Committee of the Whole meeting on May 24. The tentative budget is scheduled for adoption on June 28. This memo is intended to provide additional information requested during the discussion on May 24 and to update the Board on other recent developments that may impact District 64 finances.

State Budget

State lawmakers recently passed the FY2011 budget, however, State Superintendent of Education Christopher Koch warns that legislators likely will need to return to Springfield "later this year for future legislative action that could have additional fiscal impacts." He announced that the budget as passed now would maintain the General State Aid foundation level, but mandated categorical reimbursements would be reduced by approximately \$330 million of the approximately \$1.9 billion requested by Secretary Koch or about 17%.

As discussed in the tentative budget draft presented on May 24, District 64 is an alternative formula district for GSA and receives \$391 per student of the \$6,619 foundation level. The District had budgeted a decrease of \$133,701 in GSA based on the Governor's proposed budget reduction. Once official confirmation on the GSA level is received from the Illinois State Board of Education, future budget drafts will be modified to reinstate this amount.

The mandated categorical reimbursements provide funding for a range of special education services, including personnel reimbursement, private tuition and transportation. District 64 is awaiting further direction on how the reduction in the categorical reimbursements will be applied. Hopefully this information will be received over the summer, so that it can be incorporated into the final budget adopted in September.

Cook County Property Taxes

A recent report from the Maine Township Assessor Tom Rueckert noted that: "It is possible that taxpayers may not receive their real estate tax bills until early 2011." If this proves true, this delay would impact the monthly cash flow projections included with the May 24 draft. The analysis prepared by our Maine Township School Treasurer was based on receiving tax revenues beginning in December 2010. District 64 will continue monitoring this situation carefully.

Additional Information Requested on May 24

During the discussion on May 24, Board members requested additional information to clarify the District's actual overall budget increase and the actual growth in salaries.

- What is the actual all funds budget increase from the prior year when special grants and “one-time” expenses are removed?

As the chart below describes, the tentative budget indicates an increase of 14.81% in all funds expenditures. The chart identifies significant Federal Aviation Administration (FAA) and American Recovery & Reinvestment Act (ARRA) grants – in both the current and upcoming fiscal years – that distort the actual growth in the District’s budget for its actual, ongoing operations. In addition, several “one-time” expenses related to the transition to new financial and human resources software, strategic planning and other items also have been identified.

When these items are removed, the actual growth is 6.35% or just under \$4 million.

EXPENDITURES	2009-10 Budget	2010-11 Tentative Budget	\$ Increase	% Increase
Grand Total All Funds	\$65,721,535	\$75,456,871	\$9,735,336	14.81%
Less One Time Expenses:				
Skyward	(\$0)	(\$84,384)		
Technology Upgrades	(\$0)	(\$250,000)		
Strategic Planning	(\$0)	(\$195,000)		
ARRA - IDEA	(\$629,490)	(\$404,975)		
State Grant - Jefferson	(\$25,000)	(\$25,000)		
FAA-Architect & Construction Manager	(\$0)	(\$556,828)		
FAA - Roosevelt	(\$0)	(\$4,880,412)		
FAA - Washington	(\$2,100,000)	(\$2,428,544)		
Total One Time Expenses	(\$2,754,490)	(\$8,825,143)		
Net Budget	\$62,967,045	\$66,966,112	\$3,999,067	6.35%

- Similarly, what is the actual increase in the Education Fund salaries line item when changes due to accounting requirements are removed?

As the chart below describes, the Education Fund salaries line item is expected to increase by 7.62%. For 2010-11, District 64 is reallocating some salaries into the Education Fund from other funds or line items. This will allow District 64 to comply with TRS reporting requirements to ensure that all TRS creditable earnings are reported accurately. In addition, salaries previously allocated to the Tort Fund also are being moved to the Education Fund.

When these items are removed, the actual increase in the Education Fund is 5.71%

	2009-10 Budget	2010-11 Tentative Budget	\$ Increase	% Increase
Education Fund - Salaries	\$36,805,273	\$39,609,365	\$2,804,092	7.62%
Less reallocations:		(\$701,446)		
Net Budget	\$36,805,273	\$38,907,919	\$2,102,646	5.71%

In the Education Fund, the average salary increase for all employee groups (PREA, PRTAA, Secretaries and Custodians) who receive step movement is 5.05%. For all other employee categories (Administrative, Exempt and Technologists), the average salary increase is 2.5%.

Please feel free to contact me prior to the meeting with any additional questions you may have about the tentative budget, so that I can be better prepared to respond at the Committee of the Whole meeting on June 14.