

2014-15 TENTATIVE BUDGET REVIEW (DRAFT #3)

The Budget document provides the Board of Education with the necessary
information to adopt the 2014-15 Budget

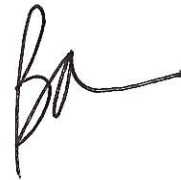
September 8, 2014

To: Board of Education
Laurie Heinz, Superintendent

From: Rebecca Allard, Chief School Business Official

Date: September 8, 2014

Subject: Review of the 2014-15 Tentative Budget (*Draft #3*)



Prior to the end of the first quarter of the fiscal year (*September 30th*), the *Illinois School Code* requires a public school to adopt its annual budget. By satisfying this legal requirement, a school district may then expend funds and levy taxes. However, more importantly, the budget tells a story of the services and opportunities that are available to the students of District 64.

The 2014-15 budget is one of controlled growth, which continues to fulfill referendum initiatives and provides for the implementation of the fifth year of activities scheduled under the District's strategic plan and other District-wide priorities. The 2014-15 budget also accommodates updating the strategic plan, the 1:1 Chromebook initiative, facility master plan and the 2014 summer capital projects at Field and other schools.

The following budget reports show a comparison between the 2014-15 Tentative Budget to the unaudited actual 2013-14 revenues & expenditures. The 2014-15 budget is anticipated to increase the operating fund balance (excluding Capital Projects) by \$640,709 (*page 5*).

If you have questions prior to the Board meeting on September 8, please feel free to contact me in advance to clarify any of the information presented.

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Investments in Student Learning 2014-15

2014-15 marks the final year of implementation of District 64's Strategic Plan, *"Journey of Excellence,"* which was originally designed as a five-year plan. The five strategies include: accelerating the use of advanced technology; building a model for personal student goals; collaboration with our partnership; expectations for student learning and instructional practices; and providing support and tools for change. In 2014-15, Strategic Plan implementation activities will continue to be embedded within the District's overall initiatives:

- The main priority for all staff will be the implementation of Priority Standards (developed through the Strategic Plan) /Common Core State Standards (CCSS) with technology integrated into the instruction of these standards, and the professional development needed to support this work. Now in their third year, seven instructional technology coaches will continue to provide job-embedded coaching to teachers in 2014-15.
- Work on the other Strategic Plan strategies also will move forward through specific committees.

As the original planning horizon has been reached, District 64 this year will initiate a process to create a new, multi-year Strategic Plan to guide the District through the second half of this decade.

A comprehensive **professional development plan** has been designed to support the instructional shifts required to successfully implement the Common Core State Standards (CCSS) in Math and Reading. The math materials adopted in Spring 2013 have provided teachers with a critical resource to support student learning. A combination of online resources and print materials are used to support the delivery of high quality math instruction aligned with the CCSSM to all District 64 students. Math interventions for struggling learners have been reviewed and will be purchased to support the new math curriculum.

In addition to continued year-long professional development opportunities, representatives from grade-level teams will reconvene this summer and during the school year to design curricular pacing guides and supplemental learning experiences that support the CCSSM. In the area of English Language Arts, half-day release time for teachers will be provided for continued professional development in the area of writing.

In 2014-15, the **Elementary Science Curriculum Review Committee** will begin its work by reviewing the newly adopted Next Generation Science Standards and comparing

this framework to our current District 64 curriculum. This effort will be supported through release time for participating teachers. Curriculum writing funds will also support middle school science teachers with aligning instruction to the Next Generation Science Standards.

In 2013-14, new materials were evaluated and purchased for the students in our Transitional Program of Instruction (TPI), which is now referred to as our **English Learner Program (EL)**. In 2014-15, we will supplement those materials based on initial implementation and student needs.

For our **Response to Intervention (RtI)** efforts, District 64 will continue to explore simple, computer-based tools, such as STAR Reading and Math, for measuring our students' responses to instruction. In addition, we will continue to provide teachers serving on building-based RtI teams with release time to plan and implement building-based professional development related to RtI.

District 64 has continued to provide District-wide professional development on **formative assessment**, which is an instructional strategy proven to have a significant impact on student achievement. To date, over 200 teachers have participated in these workshops and we will continue to provide this opportunity in 2014-15.

The District will continue to invest in **technology** to maintain, refresh, and provide additional resources for student learning.

- Additional SmartBoards will be added in grades 6-8 to continue to support learning in those classrooms that do not currently have access to those resources.
- Chromebooks will continue to be utilized in grades 3-8 to support 21st century learning, as well as the new requirements for the state's online PARCC assessment.
- iPads will continue to be maintained in all K-2 classrooms to support small group activities and instruction, as well as differentiation for all learners.
- The technology budget will also include funds to support and monitor a robust infrastructure to provide for a reliable network for student learning.

Based on the recommendation from the Board Advanced Technology Committee (BATC), the Board approved a **21st Century Learning Plan**. The plan includes increasing the number of iPads available to our students in grades K-2; the Board also extended its support of a 1:1 Chromebook initiative to provide a device for all students in grades 3-8.

In addition, the District also is maintaining an array of **on-line subscriptions** that are used to support student learning. All of our core textbooks have online resources associated with them for both student and teacher use. Additional supplemental resources such as *Study Island* and *Raz Kids* provide students with dynamic and differentiated opportunities to practice instructional skills during school hours as well as at home. Digital media tools, such as *World Book Online*, provide teachers and students with current resources connected to their curricular studies.

In accordance with the Strategic Plan parameter to always **maintain safe, supportive learning environments**, the District will continue to invest in facilities. Among the activities are:

- At Field School, a comprehensive HVAC replacement/upgrade will be completed in summer 2014. Additional maintenance projects at Field are planned for summer 2015. The upgrades are part of the District's Master Facility Maintenance Plan.
- To continually refresh the learning environment, the District will begin implementing an annual schedule for carpet replacement.
- Work also will be completed to: repair selected concrete surfaces and fences; perform roof maintenance; and replace selected indoor and exterior door systems.
- Several schools also will receive targeted projects, including: Carpenter School - insulation in 12 classrooms behind existing bookshelves and above ceilings; and Lincoln and Jefferson schools - steam trap replacement in HVAC systems, utilizing an incentive grant from the Illinois Department of Commerce & Economic Opportunity.

(As of August 25, 2014)

Estimated 2014-15 Statement of Position (September 8, 2014)

Fund	Unaudited Beginning Cash & Investment Balance	Add Tentative Budgeted Revenues	Less Tentative Budgeted Expenditures	Excess / Deficiency of Revenues Over Expenditures	Estimated Ending Cash & Investments Balance June 30, 2015	<i>Fund Balance as a % of Expense Budget</i>
Education	\$26,842,581	\$57,615,286	\$58,684,143	(\$1,068,857)	\$25,773,724	
Tort Immunity	\$1,427,148	720,615	1,027,539	(\$306,924)	\$1,120,224	
Operations & Maintenance	\$1,504,595	7,012,634	5,252,127	\$1,760,507	\$3,265,102	
Transportation	\$3,203,697	1,741,369	1,881,450	(\$140,081)	\$3,063,616	
Retirement	\$744,188	2,521,794	2,542,730	(\$20,936)	\$723,252	
Working Cash	\$14,128,367	577,010	160,010	\$417,000	\$14,545,367	
Sub-Total - Operating Funds	\$47,850,576	\$70,188,708	\$69,547,999	\$640,709	\$48,491,285	69.7%
Capital Projects	\$9,111,412	46,786	5,869,000	(\$5,822,214)	\$3,289,198	
Total - Operating Funds	\$56,961,988	\$70,235,494	\$75,416,999	(\$5,181,505)	\$51,780,483	68.7%
Debt Service	3,669,373	3,485,070	3,220,870	\$264,200	3,933,573	
Total - All Funds	\$60,631,361	\$73,720,564	\$78,637,869	(\$4,917,305)	\$55,714,056	

Fund Balance Policy: The District's operating fund balances shall end each fiscal year with four (4) months of operating expenditures for the fiscal year ended. Expenses shall be measured against a cumulative total operating funds that include: education, operations and maintenance, transportation Illinois municipal retirement and working cash.

Highlights of the 2014-15 Operating Fund Budget

The operating fund balance, excluding the Capital Projects Fund, is expected to increase by \$640,709 and maintains an accumulated operating fund balance of 69.7%. A fund balance of 69.7% exceeds D64's fund balance policy of maintaining four-months of cash on hand on June 30 of each fiscal year. This level of accumulated fund balance also sets the pace of achieving the Board goal of extending the referendum commitment, not to return to voters for a tax increase, until 2020-21 (additional four-years), beyond the original pledge.

2014-15 Operating Fund Revenues

Real Estate Property Taxes

The largest source of revenue, 85.2%, is property taxes. Cook County finalized the 2013 tax extension in June. The District's Equalized Assessed Evaluation (EAV) was reduced by 24.1% increasing the tax rate to \$4.5711 per \$100 of EAV.

Since 1994, schools in Cook County have been subject to the Property Tax Extension Limitation Law (PTELL) or as it is commonly referred to as "tax caps". Unfortunately, the tax cap formula does not take into account changes in a school district's budgetary needs, but limits the increase in taxes to the lesser of 5% or the rate of inflation as measured by the Consumer Price Index (CPI-U) issued by the Department of Labor for the month December. In addition, the tax cap formula allows for an increase above the CPI-U for new construction.

Tax Year	CPI-U (Tax year previous December)
2006	3.4
2007	2.5
2008	4.1
2009	0.1
2010	2.7
2011	1.5
2012	3.0
2013	1.7
2014	1.5
2015	Released in January 2015

The following chart demonstrates that the 2012 tax collections are at the same level of tax collections in prior years.

Tax Year	% of Tax Collections
2004	98.0%
2005	98.3%
2006	98.6%
2007	97.5%
2008	98.0%
2009	98.1%
2010	98.9%
2011	99.2%
2012	99.1%

Corporate Personal Property Replacement Taxes (CPPRT)

Funds that have personal property replacement taxes as a revenue source are the Educational and the Retirement Fund. CPPRT is driven by the health of the state's economy. The following table identifies the most recent collections of CPPRT:

Fiscal Year	CPPRT
2007-08	\$1,327,617
2008-09	\$1,163,859
2009-10	\$926,354
2010-11	\$1,192,124
2011-12	\$1,051,421
2012-13	\$1,112,831
2013-14	\$1,166,256

Several years ago, during the State budget process, the Governor transferred CPPRT funds to pay for the Regional Offices of Education and the Education Service Centers.

Other Local Revenue

Other local revenue includes summer school tuitions, Jefferson pre-school tuition for community students, investment income, all student fees, milk and lunch fees, Park Ridge TIF payment, and other miscellaneous revenues. Other Local revenue is expected to decrease by \$1,265,160.

The area that is driving the reduction in other local revenue is the elimination of the District 64 provided before and after school daycare programs. The reduction in this area will result in a reduction of approximately \$860,328. There are corresponding reductions in expenditures for this area.

The distribution of MTSEP funds by D207 was finalized during the 2013-14 budget year. The distribution of MTSEP funds were received during the 2012-13 (\$439,600) and the 2013-14 (\$264,426) fiscal years.

The Uptown Tax Increment Financing (TIF) revenue is currently projected as: New Property (\$350,000) and Students (\$140,000).

State Revenue

The General State Aid (GSA) formula is designed to ensure that all students in Illinois have access to educational services valued at a basic "foundation level." The GSA formula factors a local school district's wealth (Equalized Assessed Valuation per student) and then categorizes each Illinois school district into one of three classifications:

GSA Classification	Number of Schools in Illinois
	Per Classification
Foundation Formula	617 Schools (71.7%)
Alternate Formula	177 Schools (20.6%)
Flat Grant	66 Schools (7.7%)

The 2014-15 foundation level is \$6,619; Illinois State Board of Education (ISBE) prorated this amount by 89.1%. District 64 is an alternate formula district and receives approximately \$334 per student (based on the prior year's average daily attendance).

Other State resources are special education private facility, children requiring special education services, personnel, summer school, and transportation (regular and special education). All 2013-14 funds due and payable have been received.

Federal Revenue

The Educational Fund currently receives the following federal revenues: Special Milk, IDEA, Title I, Title II Teacher Quality, and Medicaid.

2014-15 Operating Fund Expenses

Currently, 2014-15 operating fund salaries are expected to increase by \$2,404,619 or 5.3% from the prior year actuals. All salary line items are aligned with collective bargaining and work agreements.

The following identifies some of the budgeted salary changes that contribute to this increase:

- Administrative salary increases averaging 2.57%; this budget line is increasing by 7.92%
 - Additional administrative position (1.0 FTE Assistant Director of Special Education/Pupil Services)
 - Interim Field Assistant Principal
- Exempt staff salary increases of 2.0%
- Secretarial & Custodial staff increases of 3.5%
- PREA salary increases for returning staff of 2.0% base increase plus step. The overall increase averages 6.32% because of 3.0 additional FTE and lane movement during the fiscal year.
- PRTAA salary increases of 2.0% base increase plus step.
- Technologist staff increase of 2.0%
- Additional technologists position (12-month).

The benefit area is expected to increase by \$401,349 or 4.6%. PPO health insurance plans will increase by 5.8% and the HMO health insurance plan will increase by 4.7%.

Purchased Services are anticipated to increase by \$702,502 or 12.0%. The Educational Fund will see a 16.4% increase, the Operations and Maintenance Fund will see an increase of 1.0% and the Capital Project Fund will realize a decrease in the area of architect and other engineering fees of 1.2%.

Supplies will increase by \$874,463 or 31.7%. The 2014-15 budget year includes the 1:1 student technology initiative.

Capital equipment and capital improvements are projected to decrease by \$59,932 or 1.0%. The Educational Fund capital outlay is projected to decrease by \$311,211 or 70.8%. The Operations and Maintenance Fund is expected to decrease by \$258,825 or 56.4% The Capital Project fund is expected to increase by \$413,536 or 8.6%.

The other expense area includes membership dues, other miscellaneous fees and tuitions to other schools and private placements for the District's special needs students. When the duplicate entries for the bond sale to fund capital projects is not considered, the other expense area is expected to decrease by \$1,984 or 0.1%.

2013 – 14 Budget Calendar

	Date of Board Meeting	Action
➡	February 10, 2014	<ul style="list-style-type: none"> • Review Financial Projections. • Board reviews 2014-15 staffing plan. • Board authorizes preparation of the 2014–15 tentative budget in accordance with the Illinois School Code. • Discussion on Economic (Financial) Dashboard
➡	February 24, 2014	<ul style="list-style-type: none"> • Board authorized the 2014-15 Staffing Plan
➡	May 5, 2014	<ul style="list-style-type: none"> • Committee of the Whole – Board reviews draft of the 2014-15 tentative budget.
➡	July 14, 2014	<ul style="list-style-type: none"> • Committee of the Whole - Board reviews draft of the 2014–15 tentative budget.
➡	July 14, 2014	<ul style="list-style-type: none"> • Board adopts 2014–15 tentative budget. • Board sets date of Public Hearing for final budget adoption. • Board places tentative budget on public display for 30 days prior to public hearing and final budget adoption.
➡	September 8, 2014	<ul style="list-style-type: none"> • Board reviews final draft of 2014–15 budget. • Board conducts a public hearing on the 2014-15 final budget prior to budget adoption.
	September 22, 2014	<ul style="list-style-type: none"> • Board adopts the 2014–15 budget.
	October 27, 2014	<ul style="list-style-type: none"> • Board reviews the 2014 tentative tax levy. • Board sets date of Public Hearing for the 2014 tax levy.
	December 15, 2014	<ul style="list-style-type: none"> • Board conducts a public hearing prior to adopting the 2014 tax levy. • Board approves the 2014 tax levy.

ALL FUND BUDGET DRIVERS

The following analysis provides notes to the detailed tables of revenues (Tab 2) and expenditures (Tab 3) by object. Comparison percentages are measured against the 2013-14 fiscal year-end (June 30, 2014) actual revenues and expenses.

Educational Fund (10)

Purpose: *The most varied and the largest volume of transactions will be recorded in the Educational Fund. This is due mostly because the Educational Fund covers transactions that are not specifically covered in another fund. Certain expenditures that must be charged to this fund include the direct costs of instruction, health and attendance services, lunch programs, all costs of administration and related insurance costs. Certain other revenues that must be credited to this fund include taxes levied in this fund, tuition and textbook rentals.*

Revenue Review

- Total Educational Fund revenues are anticipated to decrease by \$914,399 or 1.6%.
- Property taxes have the greatest impact on the variance and are expected to increase by \$753,110 or 1.6%. As previously mentioned, property taxes are restricted by the tax cap legislation and were adjusted when Cook County finalized the 2013 tax extension in June.
- Corporate Personal Property Replacement Taxes (CPPRT) are expected to remain at the same level as the actual collections in 2013-14.
- Interest income will increase slightly by \$7,624 or 2.6%
- All student fees remain at the 2013-14 level.
- Other local income will decrease by \$1,265,787 or 32.4%. The decrease is caused by the elimination of the before & after school program day care fees (Beyond the Bell) and MTSEP dissolution of fund.
- General State Aid (GSA) has been adjusted based on ISBE preliminary data. GSA is expected to increase slightly by \$23,245 or 1.7%.
- Other state revenue will decrease by \$506,410 or 19.4% and is based on the known current year allocations.
- Federal revenues are estimated to increase by \$73,819 or 4.8% because of the addition of the Title I monies.
- Consistent with past practice an interest transfer totaling \$208,944 is budgeted from the Debt Service and the Working Cash Funds.

Expenditure Review

Salary:

The salary budget of \$45,444,192 is the largest category in the Educational Fund budget and accounts for 77.4% of the total Educational Fund budget. The salary budget is estimated to increase by \$2,304,229 or 5.3% over the previous year's actual expense.

Teacher salaries account for 74.9% of the Educational Fund salary budget and 58.0% of the total Educational Budget. The PREA full-time equivalency (FTE) is 393.71 and now includes the psychologists. The following chart provides a reconciliation of the teacher salary category:

Description	Dollars
2013-14 PREA Scattergram Cost	\$32,426,557
Cost of step movement	\$490,909
Change in Staffing:	\$166,630
Reduction of 9.0 FTE for enrollment variations at K-5 grade levels	
Increase 9.0 FTE for K-8 bubble sections	
Increase 3.0 FTE for K-8 bubble sections for specials	
Reduce 3.0 FTE PREA positions (Special Education Facilitator (1.0 FTE, Curriculum Specialist for Media (0.5 FTE), Early Childhood Teacher (1.0 FTE), and Special Education Teacher (0.5 FTE))	
Increase 3.1 FTE PREA positions (TPI Teacher (1.0 FTE), Early Childhood Psychologist (0.1 FTE), Developmental Kindergarten Teacher (1.0 FTE) and Middle School Math Intervention Teacher (1.0 FTE))	
Retirement/Replacement	<\$85,303>
Notice of new retiree (6%)	\$175,000
Psychologists (transfer from exempt)	\$426,139
Longevity	\$238,480
Lane Changes	\$172,406
Overloads	\$25,000
Total of (1200) teacher budget line - Total FTE 396.81	\$34,035,818

- **Benefits:**

The benefit area is the second largest category of the Educational Fund budget. The benefit line item accounts for 10.7% of the total Educational Fund budget and is anticipated to increase by 4.9% or \$293,509. Changes in excess of \$10,000 are identified below:

Description	Dollars
PPO Insurance	\$175,682
HMO insurance	(\$13,398)
Dental insurance	\$13,368
Employer Paid TRS	\$24,311
Employer Paid THIS	(\$16,074)
TRS Early Retirement Option (ERO)	(\$116,667)
Retirement Incentive	\$105,625
Retirement Sick Leave	\$41,600
Retirement Sick Leave	\$48,887
Benefit Consultants	\$16,035

- **Purchased Services, Supplies and Capital Outlay:**

The areas of purchased services, supplies and capital outlay account for 7.8% of the total Educational Fund budget and is expected to increase by approximately \$778,731. The budget does include all costs associated with the 1:1 initiative.

Purchased services pay for staff development, the food service contract, and legal fees.

Supplies and capital outlay provide the needed resources for student learning.

- **Other Objects**

The other object category accounts for 3.4% of the total Educational Fund budget and is expected to decrease by \$3,279. The major expenditure (\$1,760,000) in this category is special education tuition.

Operations & Maintenance Fund (20)

Purpose: *All costs of maintaining, improving, or repairing school buildings and property, renting buildings and property for school purposes, or for the payment of premiums for insurance on school buildings are charged to the Operations and Maintenance Fund and paid from the tax levied for that purpose.*

Revenue Review

- The anticipated decrease, when the 2013-14 transactions for the bond sale are not considered, in revenues is \$1,217,939 or 14.8%. Property taxes have the greatest impact on the variance, and, as previously mentioned, are restricted by the tax cap legislation.
- The reduction of revenue is driven by an anticipated shift in dollars levied. With the bond sale the District does not need to levy dollars for capital improvement for the next several years.

Expenditure Review

- **Salary**
Salaries are anticipated to increase by \$99,147 or 3.8%. The increase is a result of 3.5% increases for all custodial and maintenance staff.
- **Benefits**
The change for employee benefits is driven by the increased rates for health insurance and change in staffing.
- **Purchased Services**
In addition to architect and other engineering fees, the purchased service area covers the following types of expenses: repair and maintenance of equipment, telephones, water fees and crossing guards.
- **Supplies**
The supply area covers the following types of expenses: gasoline for District vehicles, natural gas, electricity, and custodial and maintenance supplies.
- **Capital Outlay**
The capital outlay area covers the expenses for equipment and furniture.

For a fair comparison of the ongoing expenses in the Operations & Maintenance Fund, the following analysis is net of capital improvements (construction):

	2013-14 Actuals	2014-15 Tentative Budget	% Change
Total Budget	\$13,872,868	\$5,252,127	-62.1%
Less: Building Improvement			
	(\$329,949)	\$0	-100.0%
Less: Architect, Construction Manager and other Engineering Fees			
	(\$41,856)	(\$50,000)	19.5%
Less: Transfer of the Proceeds from the Bond Sale			
	(\$8,600,000)	\$0	-100.0%
Net Operations & Maintenance Budget	\$4,901,063	\$5,225,131	6.6%

Debt Service Fund (30)

Purpose: Bonds are generally issued to finance the construction of buildings, but may also be issued for other purposes. Taxes are levied to provide cash to retire these bonds and to pay related interest. To protect the bondholders, these tax collections must be accounted for in the Debt Service Fund and maintained in separate bond and interest accounts for each bond issue.

Revenue Review

The levy in this fund has been increased to correspond to the debt repayment schedule. All District 64's current obligations will be retired by June 30, 2022.

Expenditure Review

The expenditures from the debt service fund are for the principal and interest on outstanding debt.

Consistent with past practice, an interest transfer of \$33,070 to the Educational Fund is budgeted.

Transportation Fund (40)

Purpose: *Costs of transportation, including the purchase of vehicles and insurance on buses, are to be paid from this fund. Moneys received for transportation purposes from any source must be deposited into this fund.*

Revenue Review

- Revenues are anticipated to decrease by 0.7% or \$11,653. Property taxes have the greatest impact on the variance, and, as previously mentioned, are restricted by the tax cap legislation.
- The state transportation reimbursement claim has two separate reimbursement formulas, one for regular education and one for special education transportation.

Expenditure Review

- The expenditure budget is expected to increase by 15.7% or \$255,759.
- Regular transportation services were bid in the winter of 2013-14. Bus routes were over crowded during the 2013-14 school year, the increase in the budget line for regular transportation services is a result of compliance with the contract with Lakeview.

Municipal Retirement / Social Security Fund (50)

Purpose: *This fund is created if a separate tax is levied for the school district's share of municipal retirement / social security benefits for covered employees or a separate tax is levied for the purpose of providing resources for the District's share of Social Security and/or Medicare only payments for covered employees. If any of these taxes are not levied, payments for such purposes shall be charged to the fund where the salaries are charged.*

Revenue Review

- Revenues are anticipated to increase by 30.5% or \$589,371. The increase is driven by an anticipated shift in dollars levied.
- Revenue types include: property taxes, CPPRT and interest income.

Expenditure Review

- The Medicare portion of the Social Security rate is charged to all certified staff.
- Illinois Municipal Retirement Fund (IMRF) and Social Security are charged to all support staff.

Capital Projects Fund (60)

Purpose: *If a capital improvement tax is levied in accordance with Section 17-2.3 of the Illinois School Code (105 ILCS 5/17-2.3). The moneys received from such levy shall be accumulated until spent for the capital improvements described in the resolution and on the ballot, per Section 17-2.3.*

Revenue Review

- Interest income is the only source of revenue in this fund.

Expenditure Review

- Expenditures which would ordinarily be charged to the Operations and Maintenance fund, but are required to be charged to the Capital Projects Fund, include the actual construction costs, builder's risk insurance, purchase of land and other site costs, landscaping, parking lots, sidewalks, utility connections, etc., and other items directly related to the construction project.

Working Cash Fund (70)

Purpose: *If a separate tax is levied for working cash purposes or if bonds are sold for this purpose, this fund shall be created. Cash available in this fund may be loaned to any fund for which taxes are levied.*

Revenue Review

- Revenues in the working cash fund, when the 2013-14 transactions associated with the bond sale are excluded, are expected to increase by \$7,662 or 1.3%.

Expenditure Review

- Consistent with past practice, an interest transfer of \$160,010 to the Educational Fund is budgeted.

Tort Immunity Fund (80)

Purpose: *This fund is created if taxes are levied or bonds are sold for tort immunity or tort judgment purposes. The tort immunity fund provides for the risk management activities of the District. Insurance policies such as workers compensation, property casualty, and school board legal liability are the major expenditures of this fund.*

Revenue Review

- Revenues in the Tort Immunity Fund are expected to increase by \$121,763 or 20.3%. The main revenue source is property taxes.

Expenditure Review

- The tentative budget will increase by \$239,728 or 30.4%. The increase is driven by an increase in workers compensation premiums and security enhancements.

**Board Actions Affecting the 2014-15 Budget
September 2013 through August 25, 2014**

REVENUE ACTIONS

All Funds

- ✚ 2013 levy adopted totaling \$65,486,522 (December 16, 2013)

Educational Fund

- ✚ Approved the transition of before and after school child care programs to the Park Ridge Park District for 2014-15 (November 18, 2013)
- ✚ Approved the 2014-15 student fees (March 24, 2014)
- ✚ Approved resolution transferring interest income earned in the Working Cash Fund to the Education Fund (June 23, 2014)
- ✚ Approved resolution transferring interest earned in the Debt Service Fund to the Education Fund (June 23, 2014)
- ✚ Modified the previously approved 1:1 Technology Initiative by assuming total responsibility for funding the Chromebooks for grades 6-8 (July 14, 2014)

Capital Projects Fund

- ✚ Approved abatement of the Working Cash Fund into the Operations & Maintenance Fund and subsequent transfer to the Capital Projects Fund (March 24, 2014)

Working Cash Fund

- ✚ Approved the issuance of General Obligation Limited Tax School Bonds (February 24, 2014)

EXPENSE ACTIONS

Educational Fund

- ✚ Approved contract for audit services in 2014-15 (December 16, 2013)
- ✚ Authorization of 2014-15 Staffing Plan (March 24, 2014)
- ✚ Approved the Middle School Food Service Contract Extensions for 2014-15 (March 24, 2014)
- ✚ Approved three year contract extension for Wide Area Network Services (March 24, 2014)
- ✚ Approved the 21st Century Learning Plan which included iPads for grades K-2, 1:1 devices for grades 3-8, and the addition of a District technologist (April 28, 2014)
- ✚ Awarded bid for District copier paper (May 19, 2014)
- ✚ Approved provider of replacement copier machines (May 19, 2014)
- ✚ Awarded bid for steam trap replacements at Lincoln Middle School and Jefferson School
- ✚ Approved salary increases for administrators, secretarial staff, exempt staff, technologist staff, and hourly employees (June 9, 2014)
- ✚ Approved technology equipment purchases for 2014-15 (June 9, 2014)

Operations & Maintenance Fund

- ✚ Awarded bid for custodial supplies (May 19, 2014)
- ✚ Approved salary increases for custodial and maintenance staff (June 9, 2014)

Debt Service Fund

- ✚ Approved resolution transferring interest earned in the Debt Service Fund to the Education Fund (June 23, 2014)

Transportation Fund

- ✚ Approved a three year contract for regular and summer school transportation services (February 24, 2014)
- ✚ Approved an extension of the contract for special education transportation services for 2014-15 (March 24, 2014)

Capital Projects Fund

- ✚ Approved contract for the Field School 2014 mechanical improvements project (February 24, 2014)
- ✚ Approved contract for retro-commissioning services (June 9, 2014)
- ✚ Awarded bid for asbestos abatement work at Franklin School (June 23, 2014)
- ✚ Awarded bid for roofing repairs at Emerson Middle School, Jefferson School, and Franklin School (July 14, 2014)
- ✚ Awarded bid for concrete replacement at Lincoln Middle School, Jefferson School, Roosevelt School, and Franklin School (July 14, 2014)
- ✚ Awarded bid for flooring replacement at Franklin School (July 14, 2014)

Working Cash Fund

- ✚ Approved abatement of the Working Cash Fund into the Operations & Maintenance Fund and subsequent transfer to the Capital Projects Fund (March 24, 2014)
- ✚ Approved resolution transferring interest income earned in the Working Cash Fund to the Education Fund (June 23, 2014)

Tort Immunity Fund

- ✚ Approved contracts for building security video installation and upgrades to the building access security system (April 28, 2014)
- ✚ Approved purchase of visitor management system (April 28, 2014)
- ✚ Approved resolution transferring interest income earned in the Working Cash Fund to the Education Fund (June 23, 2014)

FUND BALANCE POLICY

As stated in Board Policy 4:20: The District's operating fund balances shall end each fiscal year with four (4) months of operating expenditures for the fiscal year then ended. Expenses shall be measured against a cumulative total of operating funds that include: Educational, Operations and Maintenance, Transportation, Retirement and Working Cash

The tentative budget projects an operating fund balance of 69.7% as of June 30, 2015, when the Capital Projects Fund is not included.

When the Capital Projects Fund are included, it is estimated that D64 will have \$51.8 million or 68.7% of cash on hand.

Other Financial Indicators

Illinois State Board of Education Financial Profile

The goal of the financial profile is to objectively assess the financial health of all school districts in order for the public to gain a better understanding of where their schools rank in comparison to others. This is done through a process of benchmarking five indicators for school districts. The highest ranking given by the state board is "4.0 Recognition". Park Ridge-Niles District 64 was awarded this highest designation in the spring of 2013 for the fourth consecutive year.

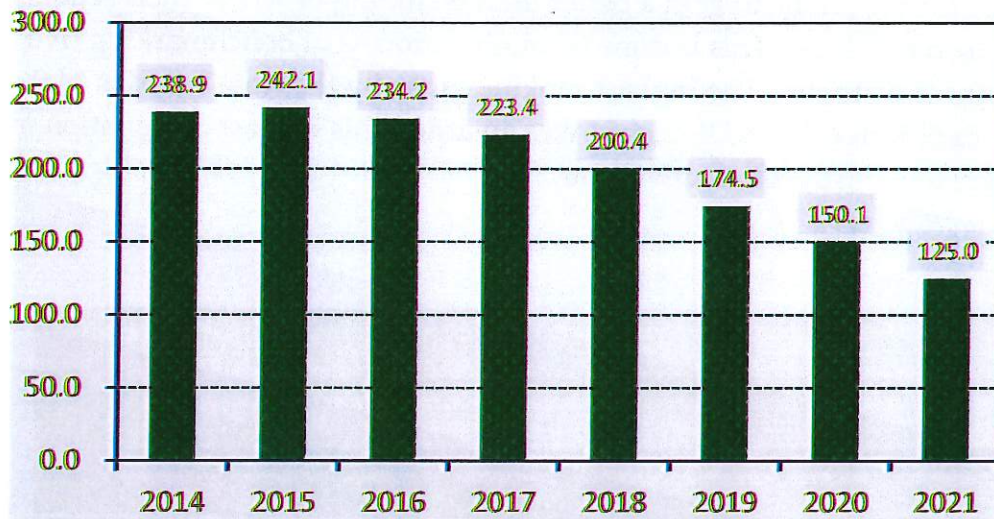
Fiscal Year	ISBE	ISBE
	Financial Profile Designation	Financial Profile Score
2013	Financial Recognition	4.00
2012	Financial Recognition	4.00
2011	Financial Recognition	4.00
2010	Financial Recognition	4.00
2009	Financial Recognition	4.00
2008	Financial Recognition	3.90
2007	Financial Recognition	3.55
2006	Financial Review	3.45
2005	Financial Early Warning	2.75

Rating Services

- Standard & Poor's (S&P) long-term bond rating was affirmed as AA/Stable (January 2012).
- Moody's has moved to the Global Rating System, meaning that they are now rating issuers on the likelihood of default, not their more stringent municipal rating. As of March 2014, Moody's has reaffirmed District 64's rating of "Aa2".

Financial Projections

Days Cash on Hand (to Expenditures)



Aggregate View - Projection Summary

