



Financial Report 2014

Board of Education 2013-15

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To the District 64 Community:

We are pleased to present this new Financial Report, which summarizes our financial performance during the 2013-14 fiscal year. This report pulls together essential information about the District's financial health in one reader-friendly overview. It is meant to complement a broader Annual Report on the District's educational programs that will be published at the end of this school year.

The Financial Report offers "at a glance" highlights for the year just ended and the current year budget, focusing on the investments in student learning. In addition, it offers a review of revenues and expenses, and looks at the District's financial performance over time as well as projections for the future. Our vital partnerships with parents and Park Ridge-Niles community members also are highlighted.



For those interested in more layers of data, the District website offers the current adopted budget along with six years of past budgets and audited year-end financial reports. Month-by-month data also is available since 2011.

Or, to connect in person, we invite you to attend a Board of Education meeting in your neighborhood as we visit each school in rotation through the year. A schedule of upcoming meetings and videos of past meetings can be viewed on our website.

Local taxpayers are the backbone of our community's quality schools. We hope community members will find this report helpful in staying updated about how your resources are being invested in our classrooms to support student learning.

District 64 schools continue to make Park Ridge-Niles a great community for all!

For Your Children,

Dr. Laurie Heinz
Superintendent





Financial Cycle

The District's financial cycle continues through the year.

Financial Projections

January: CPI-U data drives annual tax revenue forecast
February: Long-range projections update

Budget

Spring: planning (enrollment and staffing projections, program and facility needs)
May: First draft
June/July: Tentative budget adopted
Summer: updates based on new data
August/September: financial audit
September: public hearing and final adoption

Levy

October: draft
November: tentative levy adopted
December: public hearing and final adoption

“School Finance 101”

As all school districts in Illinois, District 64’s “year” for financial purposes begins on July 1 and ends the following June 30. District 64 is required to account for revenues and expenditures in eight separate “funds.”

The six funds used for day-to-day operations are identified as the “**Operating Funds.**” These are: Education, Operations & Maintenance, Transportation, Working Cash, Illinois Municipal Retirement Fund/Social Security, and Tort Immunity. The remaining two funds -- Debt Service and Capital Projects -- provide for repayment of bonds and for long-term facility improvements. They are excluded from the Operating Funds, because they are not considered part of the District’s core operations.

At-a-glance: year just ended

A key indicator for District 64’s financial health is its Operating Fund balance at the close of each fiscal year. For the fiscal year ended June 30, 2014, District 64 added \$5.4 million to the Operating Fund balance.

Other highlights for the year include:

- Taking advantage of favorable interest rates to issue \$8.7 million of bonds to fund capital projects/security enhancements (work completed in summer 2014, and to be undertaken in 2015 and 2016).
- Qualifying for a perfect 4.0 “Recognition” financial rating — the highest possible — from the Illinois State Board of Education for the sixth consecutive year.

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Audits from past years and budget for current year



At-a-glance: current year’s budget

The District 64 Board of Education adopted a final budget for 2014-15 on September 22. Highlights include:

- \$69.5 million in operating fund expenditures and \$70.2 million in revenues
- A surplus of \$640,709 is expected for the year
- The Operating Funds balance is expected to reach \$48.3 million (an increase of 1.3%) at year end

OPERATING FUNDS (\$ in millions)	Fiscal Year 2013-14 Actual (audited)	Fiscal Year 2014-15 Budget
Beginning Fund Balance	\$41	\$47
Revenues	\$71	\$70
Expenditures	\$65	\$69
Surplus (Deficit)	\$6	\$1
Ending Fund Balance	\$47	\$48



Mission

The mission of District 64, a vital partnership of staff, families and community, is to inspire all students to embrace learning, discover their strengths, and achieve personal excellence in order to thrive in and contribute to a rapidly changing world by providing a rich, rigorous and innovative curriculum integrating civil behavior and fostering resilience.

Classroom View

Class size guidelines

- Grade K - 22
- Grades 1-2 - 24
- Grades 3-4 - 26
- Grades 5-8 - 28

K-8 Enrollment*

4,351

Teachers and teaching assistants

79% of total District employees

Pupil/teacher ratio*

14.8

Teachers with Master's degrees*

67%

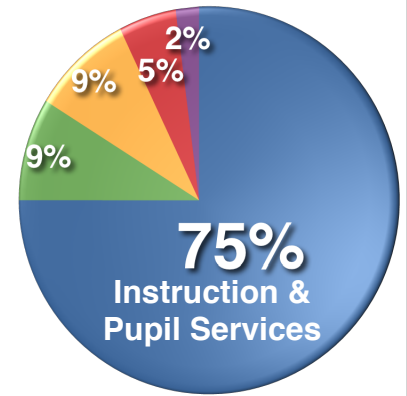
Attendance rate*

97%

*Source:
2014 State Report Card

Spending where it counts: supporting student learning

To achieve our mission, District 64 typically focuses 75% of its resources where it counts — in the classroom to support student instruction and to support students directly. A new Annual Report at the end of this school year will offer a more extensive review of our educational programs. Here are a few of the important ways that District 64 currently is investing in student learning.



1:1 learning initiative is launched!

District 64's 1:1 learning initiative was fully launched at the start of the current school year. It features approximately 3,300 Chromebooks being utilized by every student in grades 3-8 — a ratio of 1 device for every 1 student. Students in grades 6-8 bring the District-owned devices to and from school daily; families contribute \$30 annually toward device upkeep. In grades 3-5, students have the option to bring the devices home daily, if their families choose to enroll with the \$30 device upkeep fee. For grades K-2, 210 iPads were deployed to students and classrooms in a ratio approaching 1:1.



The roll-out culminates several years of intensive work to complete the Strategic Plan goal of “accelerating the use of advanced technology as an integral component of the educational program....” From the work of the Board Advanced Technology Committee (BATC), the Technology Implementation Committee (TIC) and District leadership, the 21st Century Learning Plan was designed to create a “learning ecosystem” with technology as a tool for learning and to promote the acquisition of 21st Century skills: communication, collaboration, creativity and critical thinking.

Other investments in student learning

Here are some of the classroom-focused investments District 64 made last year:

- Implemented the Common Core State Standards (CCSS) math curriculum, including the purchase of new instructional materials to support the scope and pacing of this comprehensive update
- Added new materials for the transitional program of instruction serving English Language Learners in all grades
- Subscribed to digital educational resources to support student learning
- Continued job-embedded professional development for teachers focusing on differentiation of instruction and other best practices



Early childhood teachers learn strategies for incorporating SMART Table technology at an Institute Day workshop.

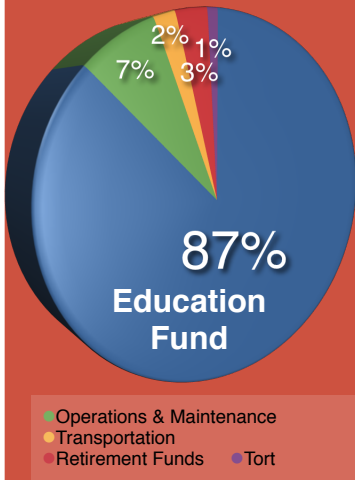
Key investments underway in 2014-15 are supporting:

- A review of the District's Science curriculum to align with the newly adopted Next Generation Science Standards and related instructional materials
- Additional support for data-driven instruction using Response to Intervention (RtI)
- Extensive professional development on high impact instructional strategies focusing on the integration of technology and use of formative assessments



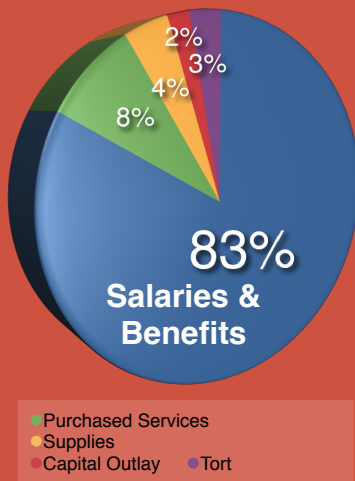
Operating Fund Expenditures by Fund

Education Fund spending accounts for 87% of all Operating Fund expenditures.



Operating Fund Expenditures by Object

Salaries and benefits together account for 83% of all Operating Fund expenditures.



Taking a closer look at expenditures

Spending reflects District 64's focus on classrooms

Based on District 64's commitment to invest resources in the classrooms to focus on students and instruction, it is no surprise that 87% of the District's spending is within the Education Fund. The fund provides the professional staff needed to maintain class size guidelines (as promised in the 2007 referendum), provide a diverse elective program for students in grades 6-8 at both middle schools, offer special education services, and support efficient day-to-day operations.

Expenditures from other funds have their own specific purposes to:

- Provide safe, supportive learning environments for students and staff, and the maintenance of school buildings and grounds (Operations & Maintenance Fund)
- Transport students to and from school (Transportation Fund)
- Contribute the employer's share of Social Security and Illinois Municipal Retirement Fund benefits (Retirement Fund)
- Cover risk management and liability insurance costs (Tort Fund)

Strong fiscal management stretches dollars

The District maintains strong fiscal management practices, including:

- Salaries and benefits of all employees account for 83% of the District's Operating Fund expenditures. Teacher and teacher assistant salaries and benefits are governed by collective bargaining agreements, negotiated periodically by the Board and union groups, which assists in long-term planning. All other salaries are reviewed and approved annually by the Board.
- The District participates in an insurance cooperative with other northern Illinois districts to obtain the best rates and premiums possible.
- A competitive bidding process is followed for large budget items, such as facility improvements and bus transportation.
- Spend management practices include: locking in competitive rates with multi-year contracts for natural gas and electricity; outsourcing management of copy/print equipment to a third party; and, soliciting multiple quotes/bids for large supply orders, among other ongoing efforts.
- Monthly Board reviews of financial reports and accounts payable, along with periodic long-term analyses, to ensure transparency and ongoing accountability.



A look at operating expense per pupil

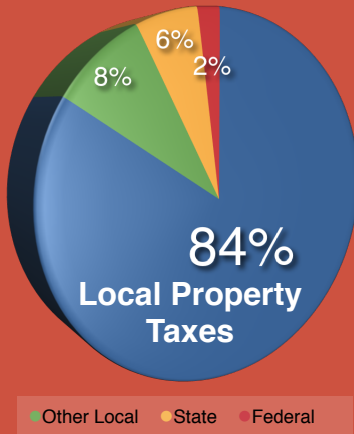
How much does it cost to educate a student for one year in District 64? Using the Illinois State Board of Education definition of operating expense per pupil, District 64 has invested the following amounts per pupil over the past five years:

FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
\$13,450	\$13,826	\$14,745	\$14,886	\$15,152



Operating Fund Revenues by Source

Local property taxes account for 84% of all Operating Fund income.



Duties of the Maine Township School Treasurer

The Maine Township School Treasurer handles the investments for District 64 and the other township school districts. By pooling funds, the Treasurer gets better rates of return for the group as a whole, while ensuring there is sufficient cash on hand to meet ongoing expenses. The District 64 Business Office reconciles its financial records to the Treasurer's Office monthly to verify that all cash and investments are being properly accounted for. The Treasurer's Office is governed by an elected body of Trustees, who appoint the Township School Treasurer. In 2013-14, the Treasurer achieved an average rate of return on District 64's cash/investments of 1.05%.

Taking a closer look at revenues

Local financial support is crucial

Revenues from local property taxes drive District 64's financial health, providing 84% of all revenue. District 64 operates under a tax cap, so the annual increase allowed in our property tax funding is limited by the annual growth in CPI-U plus an allowance for new construction. Over the last five years, the CPI-U has ranged from 0.1% to 3%.

District 64 parents also provide substantial resources through annual student fees, but these cover only about 54% of the District's annual costs for instructional resources and technology. In addition, interest income is small, but well-managed by the Maine Township School Treasurer (see sidebar).



State and federal funding is extremely limited

A majority of District 64's state and federal funding comes in the form of grant reimbursements for special education programs and transportation.

District 64 also received general state aid, which is delivered according to a formula intended to funnel more money to districts with limited local resources and a higher population of lower income students. In 2013-14, the "foundation level" — the minimum amount of funding necessary to educate a student — was set by state statute at \$6,119 per student. However, the state only provided District 64 with \$314 per student in general state aid after its formula was applied. The District is expected to make up the difference with local funds.



District 64 seeks "outside" grants wherever possible

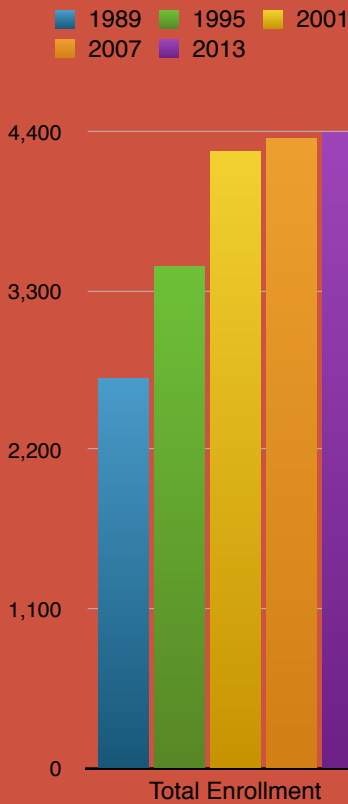
District 64 has consistently sought "outside" money through grants to supplement what local taxpayers provide. Recent projects funded through capital grants have included:

- \$585,000 from the Illinois Department of Commerce & Economic Opportunity (DCEO) for energy efficient lighting upgrades at all schools (except Franklin), boiler tune-ups at multiple schools, and other energy efficiency projects
- A total of \$11.4 million from the Federal Aviation Administration (FAA) and City of Chicago for sound insulation and noise reduction improvements undertaken in recent years at Lincoln, Washington and Roosevelt schools. All three schools received HVAC upgrades; Roosevelt's windows also were replaced.



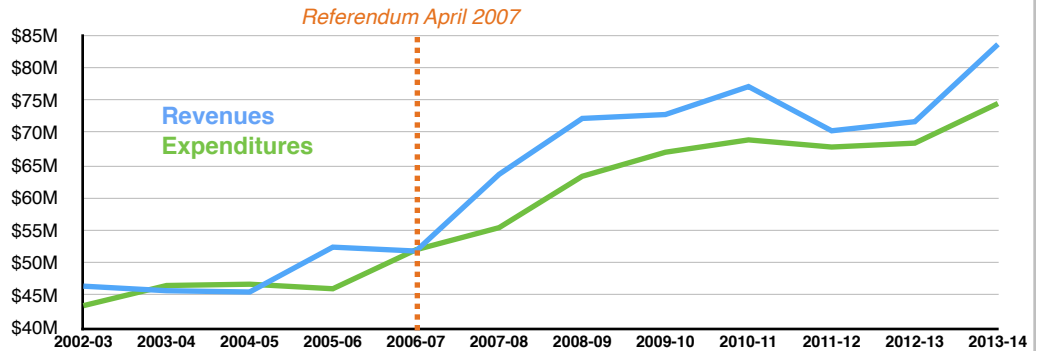


District 64 Enrollment History 1989-2013



District 64's financial health has been revitalized

The foundation of District 64's current financial health rests on the additional resources provided by local taxpayers in the April 2007 referendum. Strong fiscal discipline — coupled with targeted spending to support the District's educational priorities — has created a period of financial stability.



Here are the key financial milestones in District 64's recent history:

- Prior to April 2007 referendum:** District 64 revenues were limited by the tax cap to the rate of inflation, yet expenses grew faster — enrollment had climbed by 650 students, an increase of almost 18%, and healthcare and energy costs also grew at a higher rate as experienced nationwide. To slow expense growth, the District went through four separate phases of budget cuts totaling \$12.2 million. Classroom sizes were increased, personnel and programs cut, maintenance deferred, and technology updates delayed. The District issued \$4.9 million in Working Cash Fund bonds to meet its immediate obligations.
- Referendum 2007:** Having reached a critical "tipping point" in being able to maintain the quality of the District's educational programs, a referendum restored financial health by providing increased revenues in 2008 and 2009.
- Facility improvements:** Between 2005-10, District 64 utilized FAA funding for sound insulation projects at several schools (see page 5); the District drew down its Operating Fund balance for HVAC upgrades at Carpenter School. In addition, District 64 in early 2014 issued \$8.7 million in bonds to directly fund needed HVAC/life safety upgrades at Field School and complete other capital projects, which will continue into 2015 and 2016.

Student enrollment is currently stable

Following a period of enrollment growth, District 64's overall population has stabilized although individual schools have experienced fluctuations. Long-range projections updated in fall 2013 forecast continued stability. Changing population and housing trends in the community could impact the forecast. The demographic report may be viewed [on the website](#).

	Carpenter	Field	Franklin	Roosevelt	Washington	Emerson	Lincoln	Jefferson/SPED	Total
1998	367	505	479	697	521	671	629	64	3,933
2006	348	618	431	708	568	812	769	59	4,313
2014	444	649	459	659	608	837	718	84	4,458
2018	425	708	450	593	612	856	712	68	4,424



Financial Indicators

ISBE Profile Rank: 4.0

District 64 expects to maintain its perfect 4.0 score on the Illinois State Board of Education Profile for 2015, based on its 2013-14 fiscal year just ended. This would be the 6th consecutive year receiving the highest possible score. Read more on the [Financial Profile page](#) of the website.

Bond Rating

For the bond issuance in spring 2014, Moody's Investors Service ranked District 64 Aa2.

Accountability

Annual Audit

District 64's financial statements are audited annually by certified public accountants, and provided to the ISBE and Board of Education, as well as posted [on the website](#).

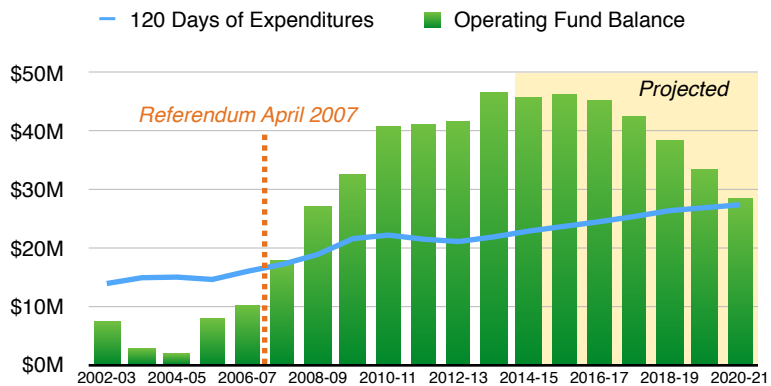
Financial Forecasts

District 64 utilizes a professional financial consulting firm to prepare annual financial projections to guide its planning. The report typically is presented to the Board each February, and is available [on the website](#).

Planning for a sustainable future

Maintaining a strong fund balance

As District 64 keeps a constant eye on the financial horizon, one of the key measures is its fund balance. A positive balance provides cash to maintain ongoing operations and establishes a reserve for unforeseen expenses. The District 64 Fund Balance Policy is to maintain 120 days (four months) of expenditures in its Operating Funds as measured at the close of each fiscal year on June 30. Since the 2007 referendum, District 64 has seen its Operating Fund balance strengthen each year. Projections estimate that the District will successfully meet this policy through the 2020-21 fiscal year. This would surpass the promise made during the 2007 referendum to maintain financial health for at least 10 years (2016-17).



To help monitor performance toward its goals, the District 64 Board has created an **Operating Plan** to provide a streamlined overview of all facets of District 64's operations in a handy, four-page format. To provide perspective, a full seven years of financial data can be accessed in one glance, spanning: three past years, the current budget, and three future years. View it on the [District 64 website](#).

Envisioning our schools:

Strategic Plan and Facility Master Plan

District 64 is in the fifth year of a five-year **Strategic Plan**, and expects to begin a formal planning process that will engage parents, staff and community members in the effort to develop a new roadmap to guide the work of the District over the next five years. We will be reaching out to all stakeholders in the coming months so that your voice may help shape our 2020 vision!



To align facilities with its educational program, the District also is moving to develop a new Facility Master Plan. The plan will encompass: a required 10-year Life Safety Survey of all buildings; a review of school entries for security enhancements; an update of the facility maintenance plan; and recommendations for future projects, timeline and budgets.

Both plans are expected to be completed by the end of the 2014-15 school year.



“Parent University” 2014-15

District 64 is sponsoring a series of parent education events through the year to help strengthen the home-school-community partnership.

Many of the sessions are held in advance of Board of Education meetings, to provide additional opportunities for parents and community members to stay for the meeting and learn more about District 64 initiatives and educational issues, too!

Access the schedule on the [Parent University page](#) of the District 64 website.



- [District 64](#)
- [Carpenter School](#)
- [Field School](#)
- [Franklin School](#)
- [Roosevelt School](#)
- [Washington School](#)
- [Emerson Middle School](#)
- [Lincoln Middle School](#)
- [Jefferson School](#)

Our vital partnership with families and the community

District 64 is fortunate to enjoy the strong support of its families through the extensive involvement of PTO/As at all schools. These unique, non-profit organizations raise funds to provide a wide range of enrichment programs for students, support teacher projects, and enhance the school environment by providing materials and equipment beyond what the District can provide. Recent efforts include landscaping near school entries and play areas, replacing playground equipment, creating a community track, and adding technology equipment.



Helping District 64 Reach New Heights

The District 64 [Elementary Learning Foundation](#) (ELF) supports innovative learning through its annual grant program. ELF’s total direct grants approach \$650,000 since 2005-06. ELF’s eighth annual fund-raiser — Aloha Casino — will be held on Saturday, January 24, 2015. Please consider attending!

District 64 also enjoys the strong support of several District-wide groups that benefit students and staff, including the Band & Orchestra Parents Association and the Choral Boosters.



District 64 invites you to stay connected with our schools

Here are a few of the ways Park Ridge-Niles community members can learn more about our schools:

- The annual Illinois School Report Card provides communities with information about public schools across Illinois. Reports for District 64 and each of our District 64 schools are now available [on our website](#); or, view state-wide at [illinoisreportcard.com](#).
- Drop by a Board of Education meeting conducted at your neighborhood school; the [schedule](#) rotates to visit all the schools annually. Board meetings are available on video within 48 hours, too.
- NEW! Follow Superintendent Laurie Heinz’s monthly [Parents = Partners Education Notes newsletters](#), which are also available to the community via our website.
- Subscribe to the [District 64 eNews](#) for regular updates on Board meetings and District news.
- Check back frequently to the newly redesigned [District 64 website](#) for news and events at our schools!



A 2-page “At-a-Glance” version of the 2014 District report is [available here](#).

