

**Oak Park Elementary School District 97
Oak Park, Illinois**

**Board of Education
Recommended
Budget**

July 1, 2003 - June 30, 2004

MISSION STATEMENT

Our mission is to educate every child to be an academically successful student, a socially responsible citizen, and a lifelong learner... by teaching the necessary knowledge and skills, and the appreciation of cultural diversity, within schools that foster excellence, mutual respect, creativity, and the joy of learning with an effective, caring, innovative staff, in partnership with home and community.

*...Adopted by the District 97 Board of Education,
December 19, 1990*

Forward

This Budget Book presents District 97's recommended Fiscal 2004 expenditure budget and estimated revenues for the Board of Education and the Oak Park community. The state requires that Boards of Education adopt an annual budget before the end of the first quarter of each year. To fulfill this requirement, the following budget calendar will be followed:

<i>June 25, 2003</i>	<i>Approve resolution to place budget on display and for notification of Public Hearing</i>
<i>July 10 – August 20, 2003</i>	<i>Budget on display, Administration Building, 970 Madison</i>
<i>July 23, 2003</i>	<i>Public Hearing</i>
<i>August 20, 2003</i>	<i>Budget Adoption</i>

The state budget is reported by *Fund* (an independent accounting entity to which expenditures and revenues are assigned according to their specific purpose; as Educational, Bond and Interest, Transportation, etc.), and summarized by *Function* - describing the activity performed to accomplish an objective (as Instruction, Support Service, Community Service, etc.), and *Object* - the service or commodity obtained as a result of the expenditure (as salary, benefit, contracted services, supplies, and equipment). District 97's budget is organized by *Program*, which may cross functions (as General Instruction, Special Education, Lunch, etc.). To provide the reader a comprehensive summary of the Oak Park Elementary District 97 Fiscal 2004 budget, the material in this book is presented both in summary form and by Program. Each Program's revenues are identified as to source (local, state, or federal) and expenditures are summarized by object. Narrative summaries of the activities relating to these revenues and expenditures are also provided. Grant based programs are designated in *italics* in the Table of Contents. Some grants are fully funded and some require a local match. These sources are noted in the summaries.

The book is divided into following sections:

Section One: Budget Summary

Summary of total expenditures and revenues and their effect on Fund Balances, in both narrative and statistical form, District Finance Advisory Task Force summary, and administrative reduction recommendations.

Sections Two - Ten: Summaries by Fund

Overview of revenues by source and expenditures by object for the Educational, Operations & Maintenance, Bond & Interest, Transportation, IMRF/Social Security, Working Cash, Fire Prevention & Safety, Site & Construction, and Employee Health Insurance Funds. Narrative detail is given by Fund and/or Program.

Section Eleven: Supplemental Material

Five Year Projections, Analysis of Task Force Benchmarks, Illinois State Board of Education Financial Profile, EAV and Tax Rate History, Enrollment, Glossary.

Oak Park Elementary School District 97 Fiscal 2003 - 2004 Recommended Budget

Board of Education

Adekunle Onayemi, President
Carolyn Newberry Schwartz, Vice President
Dan Burke
Marcia E. Frank
Michelle Harton
Sharon Patchek-Layman
Bob Walsh

Administration

Dr. John C. Fagan, Superintendent
Gary G. Lonquist, Assistant Superintendent for Finance and Operations
Dr. Mary Schneider, Assistant Superintendent for Teaching and Learning
Steven D. Castle, Director of Special Services
Steven Chowanski, Director of Technology
Thomas Hull, Director of Personnel
(TBD), Director of Multicultural Education

Principals

Jonathan Ellwanger, Beye Elementary School
Sheila Carter, Hatch Elementary School
Laurel Muhammad, Holmes Elementary School
Felicia Starks, Irving Elementary School
Catherine Hamilton, Lincoln Elementary School
Thea Perkins, Longfellow Elementary School
Carol Young, Mann Elementary School
Paula O'Malley, Whittier Elementary School

Flora Green, Gwendolyn Brooks Middle School
Dr. Victoria Sharts, Percy Julian Middle School

TABLE OF CONTENTS

FORWARD

Section One - BUDGET SUMMARY

Statement of Fund Balances, June 30, 2004	I. 1
Comparison of Expenditures, Fiscal Years 2003 and 2004	I. 2
Comparison of Revenues, Fiscal Years 2003 and 2004	I. 3
Summary of Fiscal 2004 Budget	I. 4
<i>What</i> the dollars purchase... (Chart of Expenditures)	I. 8
<i>Where</i> the Dollars Come From... (Chart of Revenues)	I. 9
<i>Who</i> Spends the Dollars?	I. 10
Finance Task Force Summary	I. 12
Administrative Reduction Recommendations	I. 15

Section Two - EDUCATIONAL FUND

Educational Fund	II. 1
Educational Fund Budget Comparison, Fiscal Years 2003 and 2004	II. 4

EDUCATION FUND PROGRAMS

(Grant based programs in italics)

Administration	II. 6
<i>Advocating the Arts</i>	II. 10
Curriculum/Instruction/Assessment	II. 12
General Instruction	II. 16
<i>Gifted</i>	II. 19
Lunch	II. 21
Media/Technology Center	II. 23
Multicultural	II. 25
Music	II. 27
<i>Oak Park Education Foundation</i>	II. 29
<i>Oak Park Township Youth Services</i>	II. 31
Physical Education	II. 33
<i>Prekindergarten Children At Risk of Academic Failure</i>	II. 35
Pupil Personnel Services	II. 37
<i>Reading Improvement</i>	II. 40
<i>Safe and Drug Free Schools</i>	II. 42
Special Services	II. 44
<i>Special Education - I.D.E.A. Discretionary</i>	II. 52
<i>Special Education - I.D.E.A. Preschool</i>	II. 55
Summer School	II. 57

TABLE OF CONTENTS *(continued)*

Technology Initiatives	II. 59
<i>Title I</i>	II. 63
<i>Title II - Math and Science</i>	II. 65
<i>Title V</i>	II. 67
<i>Transitional Program of Instruction (ESL)</i>	II. 69
Visual Arts	II. 71
<i>Other (State, Federal, and Foundation) Grants</i>	II. 73
Section Three - OPERATIONS & MAINTENANCE FUND	
Operations & Maintenance Fund	III. 1
Operations & Maintenance Fund Budget Comparison, Fiscal Years 2003 and 2004	III. 3
Capital Repairs and Improvement Projects - Fiscal 2004	III. 5
Section Four - BOND & INTEREST FUND	
Bond & Interest Fund	IV. 1
Bond & Interest Fund Budget Comparison, Fiscal Years 2003 and 2004	IV. 2
Section Five - TRANSPORTATION FUND	
Transportation Fund	V. 1
Transportation Fund Budget Comparison, Fiscal Years 2003 and 2004	V. 2
Section Six - IMRF/SOCIAL SECURITY FUND	
IMRF/Social Security Fund	VI. 1
IMRF/Social Security Fund Budget Comparison, Fiscal Years 2003 and 2004	VI. 2
Section Seven - FIRE PREVENTION & SAFETY FUND	
Fire Prevention & Safety Fund	VII. 1
Fire Prevention & Safety Fund Budget Comparison, Fiscal Years 2003 and 2004	VII. 2
Section Eight - WORKING CASH FUND	
Working Cash Fund Summary	VIII. 1
Working Cash Fund Budget Comparison, Fiscal Years 2003 and 2004	VIII. 2
Section Nine - SITE & CONSTRUCTION FUND	
Site & Construction Fund	IX. 1
Site & Construction Fund Budget Comparison, Fiscal Years 2003 and 2004	IX. 2
Section Ten - EMPLOYEE HEALTH INSURANCE FUND	
Employee Health Insurance Fund	X. 1
Employee Health Insurance Fund Budget Comparison, Fiscal years 2003 and 2004	X. 2

TABLE OF CONTENTS *(continued)*

Section Eleven - **SUPPLEMENTAL INFORMATION**

Five Year Projections	XI. 1
Analysis of Finance Task Force Benchmarks - Fiscal 2004 Budget	XI. 8
ISBE Financial Profile	XI. 9
EAV/Extension/Tax Rates - Historical	XI. 13
Student Enrollment History	XI. 14
Glossary	XI. 15

Section One

Budget Summary

OAK PARK ELEMENTARY SCHOOL DISTRICT 97
Statement of Fund Balances
Year Ending June 30, 2004

	Projected Balance 6/30/03	Projected FY04 Revenues	Projected FY04 Expenditures	Other Sources (Uses)	Impact On Reserves	Projected Balance 6/30/04	Exp/Rev Ratio
Educational	18,729,690	36,743,915	44,019,677	12,000	(7,263,762)	11,465,928	120%
Operations & Maintenance	1,636,009	5,531,262	5,590,919	0	(59,657)	1,576,352	101%
Transportation	606,351	1,671,974	1,876,003		(204,029)	402,322	112%
IMRF/Social Security	1,373,067	1,179,814	1,190,000		(10,186)	1,362,881	101%
Working Cash	5,833,531	(625,000)	- 0 -	625,000	0	5,833,531	N/A
TOTALS- Operating Funds	28,178,648	44,501,965	52,676,599	637,000	(7,537,634)	20,641,014	118%
Life Safety	2,108,706	0	836,000	836,000	0	2,108,706	
Site and Construction	974,883	1,830,000	9,235,000	0	(7,405,000)	(6,430,117)	
Bond and Interest	2,139,854	4,707,290	4,610,224	(50,000)	47,066	2,186,920	
Employee Health Insurance	1,989,633	20,000				2,009,633	
TOTALS - All Funds	35,391,724	51,059,255	67,357,823	1,423,000	(14,895,568)	20,516,156	

7/31/03

OAK PARK ELEMENTARY SCHOOL DISTRICT 97

Comparison of Expenditures

Actual and Budget

Fiscal Years 2003 and 2004

	Recommended FY04 Budget	FY 03 Budget	FY 03 Actual	Percent Change (Budget)	Percent Change From Actual
Educational	43,131,360	44,020,736	42,602,051	-2.02%	1.24%
Operations & Maintenance	5,766,769	5,579,919	5,579,019	3.35%	3.37%
Transportation	2,123,274	1,875,153	2,004,644	13.23%	5.92%
IMRF/Social Security	1,180,000	1,190,000	1,154,734	-0.84%	2.19%
SUBTOTAL - Operating Funds	52,201,403	52,665,808	51,340,448	-0.88%	1.68%
Life Safety	1,900,000	836,000	646,224	127.27%	194.02%
Site and Construction	300,000	7,885,000	7,520,815	-96.20%	-96.01%
Bond and Interest	6,804,116	15,508,596	15,506,625	-56.13%	-56.12%
Insurance	N/A	N/A	(1,158,308)	N/A	N/A
TOTAL - All Funds	61,205,519	76,895,404	75,014,112	-20.40%	-18.41%

OAK PARK ELEMENTARY SCHOOL DISTRICT 97

Comparison of Revenues

Actual and Budget

Fiscal Years 2003 and 2004

	Projected FY04 Revenues	FY 03 Revenues	Actual FY 03 Revenues	Percent Change (Budget)	Percent Change (From Actual)
Educational	38,474,439	37,560,113	37,258,713	2.43%	3.26%
Operations & Maintenance	5,070,611	5,024,262	4,934,389	0.92%	2.76%
Transportation	1,880,951	1,671,974	1,623,014	12.50%	15.89%
IMRF/Social Security	1,128,120	1,179,814	1,026,013	-4.38%	9.95%
Working Cash	100,000	225,000	97,370	-55.56%	2.70%
SUBTOTAL - Operating Funds	46,654,121	45,661,163	44,939,499	2.17%	3.82%
Life Safety	20,000	0	14,763	#DIV/o!	35.47%
Site and Construction	20,000	1,930,000	2,013,037	-98.96%	-99.01%
Bond and Interest	6,378,933	4,430,090	5,239,330	43.99%	21.75%
Employee Health Insurance	20,000	25,000	19,141	N/A	N/A
TOTAL - All Funds	53,093,054	52,046,253	52,225,770	2.01%	1.66%

Narrative Summary of Fiscal 2004 Budget

Expenditures

- *Decrease in **expenditure budget*** (all funds) of \$15.7 million (-20%) from Fiscal 2003 representing the facilities projects authorized in the April 1999 referendum, defeasement of 1999 Alternate Revenue bonds and board directed reductions.
- *Decrease in expenditure budget* of \$464,000 (-.88% from Fiscal 2003 in **operating funds** (Educational, Operations & Maintenance, Transportation, IMRF/Social Security, and Working Cash).
- *Decrease of .63%* for all **salaries**, including retirement incentives, partial payment of TRS (Teachers' Retirement System) contributions, and a reduction of 17.2 certified staff members, 3 teacher leader positions, 2.5 administrators, two central office technology support positions, and 2.5 central office secretaries. Netting the reduction in certified staff are .3 increase in nurses, 1.6 increase in gifted allocations (see below), and 1 FTE resource. FY04 contracts for teachers and teacher assistants unions are to be determined.
- *Increase of \$43,000 for **health benefits*** based on premium required for funding of estimated claims and administration costs for self-insurance program (see Section X.) plus a portion of claims that could be incurred before aggregate stop loss insurance provides coverage. Premiums were not increased; the budget increase covers more staff members electing coverage. In addition to this budget, approximately \$97,000 will be covered by grants. The renewal is due to exceptionally favorable claims experience, adjustments in the administration fees, and reduction in average claim cost.
- *Increase in FY04 **employer share of TRS and the THIS*** (Teachers Health Insurance System) fund of .5%. This is estimated to be approximately \$131,000. The primary reason for the increase is the financial condition of the health insurance program provided for retired teachers. Teacher contribution to this fund will also increase .1% in FY04 to .75%.
- *Increase in **Operations & Maintenance*** facilities operations and emergency maintenance budget, reflecting increasing costs. For the past few years, expenditures in this area have been covered by under spent budgets in staff (probation pay, docks, and unfilled positions) and utilities. As the budget reductions constrict budget flexibility, these sources are not expected to remain. In addition, anticipated savings have not materialized. Current recommended budget increases the FY03 amount by \$225,000, balanced by a reduction in 5 year plan allowances (\$98,500), summer salaries (\$32,000), and one maintenance salary through attrition (\$47,000).
- *Increase in **Regular Ed Transportation*** of one bus route to Brooks Middle School after the start of the 2002 – 2003 school year to relieve over crowding on all of the regular education routes. This bus will continue in FY04. In addition, Lakeview's contract calls for a 4% increase in costs. Reductions in the fund include the elimination of late runs at the middle schools.
- *Increase **Gifted Program*** teacher budget of \$130,000 increasing positions

at Longfellow, Irving, and Beye to full time (the positions at Longfellow and Irving were FT in FY03, but not included in the FY03 budget) and .1 FTE increase at Hatch.

- *Increase in **Special Education transportation*** costs of \$230,000. Although estimating these costs as students move in and out of the District is difficult, the current recommendation is to increase the FY04 budget by \$150,000 to \$1,400,000. Increased regular school year costs many times will translate to the Extended School Year. Estimate for this summer's program is \$136,000, \$82,000 more than last year.
- *Increase in **Insurance premiums*** for property/liability and workers compensation are estimated to increase \$41,500 and \$140,000, respectively. Reasons are national cost increases in the insurance market due to losses assigned to 9/11 and substantial decreases in investment earnings. In addition, the CLIC (property/liability) pool has approved a per student assessment for student insurance in an effort to reduce claim costs from student accidents. Finally, the SELF pool is "reassessing" claims from prior years that have settled for more than original estimates. This cost will be charged to member districts over a three year period. Unemployment insurance has been increased \$175,000 to allow for claims from reduction in force.
- *Increase of \$1,000,000 in **Life Safety*** to complete approved projects for Summer 2003.
- *Decrease in budget for **facilities projects*** authorized by the April 1999 referendum. Site & Construction budget represents projected total expenditures. Education Fund budget supports ADA project (ADA washrooms at Lincoln) with application of federal Medicaid dollars.

Revenues

- *Increase of \$1,047,000 in FY04 **total revenues** (2.0%).*
- *Increase of **tax levy** to support FY04 expenditure budget of 1.6%. Actual tax revenues recorded during the year are dependent on the 2002 Levy received during Fall 2003, and the 2003 Levy distribution to be received Spring 2004. Tax Cap determined increase for the 2003 Levy is 2.4%. The total tax revenue increase is \$3.1 million (8.6%). \$2 million of this total is in the Bond & Interest fund. Also distorting the increase is the relatively low spring collection percentage of the 2002 Levy (44% vs. an expected 46%).*
- *Increase in **Special Education state reimbursements** of \$679,000. Three reimbursements make up most of this amount:*
 - Orphans – the amount budgeted is based on the FY03 reimbursement. The FY03 budget was considerably less than what will be received.
 - Special Ed Personnel – amount budgeted is based on the FY03 reimbursement with 100% formula funding.
 - Special Ed Transportation – 100% formula funding.
- *Increase in **General State Aid** of \$120,000 from the FY03 amount. The increase is a result of a \$250 increase in the foundation level to \$4,810,*

balanced by a significant increase in EAV used in the formula and loss in ADA (average daily attendance). Without the increase in the Foundation Level, the District would have recorded a \$500,000 – 600,000 decrease in GSA.

- *Decrease* of \$730,000 in proceeds of a planned **life safety bond** sale to finance Summer 2004 projects (Summer 2003 projects funded through November 2002 bond sale). However, the FY04 budget does include a Life Safety Bond sale for \$2 million.
- *Decrease* of revenues budgeted for **interest income** in all funds, due to dramatic reductions in rate of earnings and smaller fund balances. Total amount is \$877,000 less than FY03 (this amount does not include loss in Site & Construction due to declining fund balance).

Fund Balances

- *Decrease* of **reserves** of approximately \$5.4 million due to facility projects (Site & Construction Fund) and use of reserves for operations (\$4.8 million).
- *Transfer* of \$100,000 estimated interest earnings from **Working Cash to Ed Fund** to supplement operating revenues.
- *Transfer* of \$20,000 from **Bond & Interest to Operations & Maintenance** for replacement of interior glass to safety glass at Lincoln school.
- *Sale* of \$2.85 million **bonds** for approved Life Safety projects to be completed in Summer 2004 (\$2 million), operating revenues in the Educational Fund (\$700,000 million, taxable), and to fund replacement of administration building roof in the Operations & Maintenance fund (\$150,000, non- taxable).
- *Projected balance* of \$30 million at June 30, 2004 (\$23.4 million Operating Funds).

Budget Initiatives

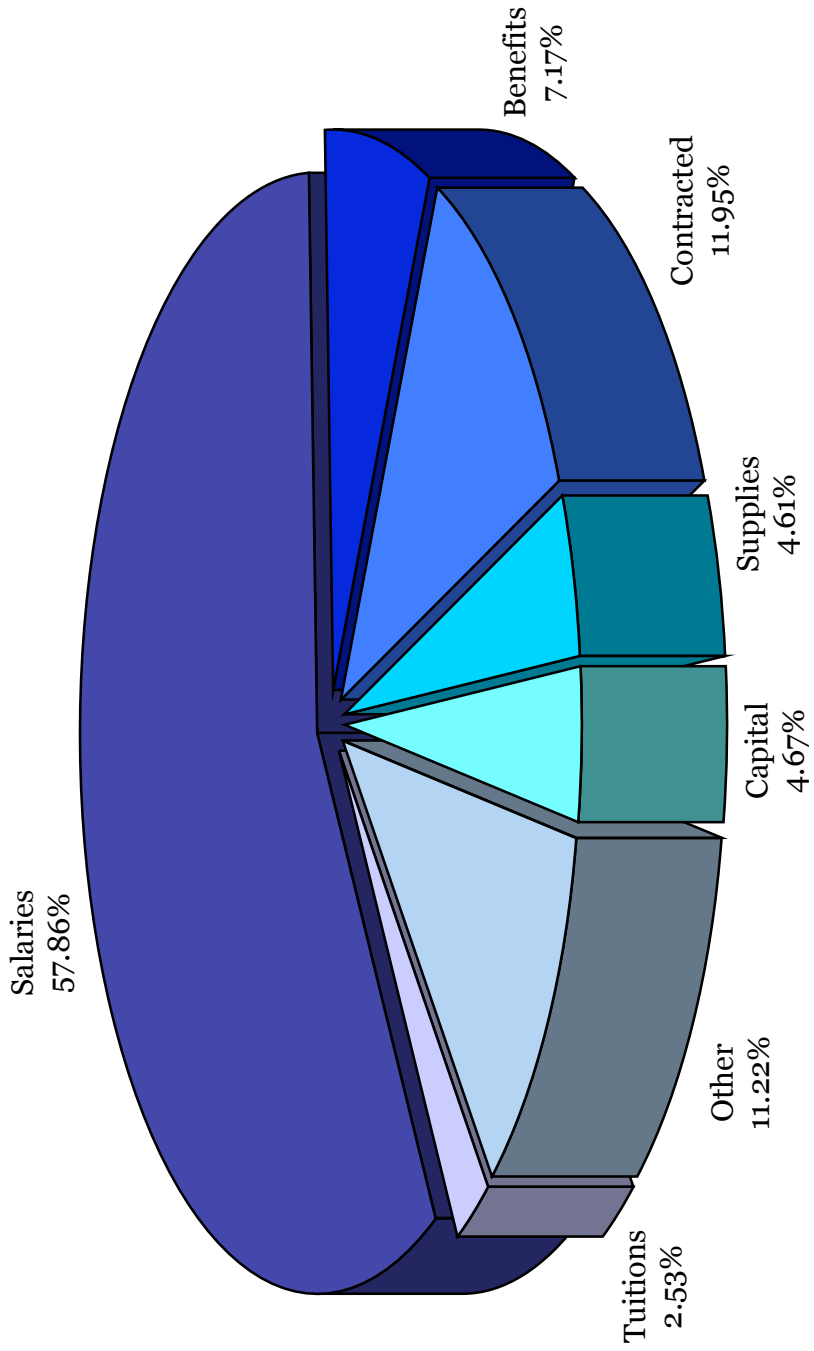
- *Reductions* of \$500,000 from original FY03 budget, an additional \$2 million in FY04 expenditure accounts, and \$1 million in revenue enhancements meet the **recommendations of Financial Task Force**. Summary of these budget adjustments is found on page I.15.
- *Preservation* of all **core programs** and an elementary average **class size** of 20.9 students in reduction recommendations. Focus of FY04 action was to reduce across all curricula and departments, without the elimination of any program.
- *Sustaining* the **technology program** with a budget that includes \$155,000 for instructional hardware replacement. The FY04 budget also includes dollars for District technology leadership, repairs and maintenance, Internet access, and network and SASI software support. Staff support includes 2 FTE teachers to provide leadership for instructional applications (budget in C/I/A Program), 2.0 technical staff members to manage LAN and WAN networks and train end users, 10 Technology Specialists for direct school support, .5

FTE SASI support. Also included is \$147,000 for repayment of State Technology Loans. This budget demonstrates that the **Total Cost of Ownership** of technology goes well beyond the purchase of equipment.

- **Intervention programs** including Reading Academy, Early Start, and Julian/Brooks Academy for students requiring additional help as identified through classroom performance and/or Stanford 9 test performance. Budget for FY04 is \$121,000.
- Expansion of **World Language** program according to Board approved plan with elimination at kindergarten as recommend both by staff and administrative reduction list. Budget includes dollars for certified teachers for classroom Spanish instruction via the regular curriculum, a .5 FTE curriculum leader, and related benefits.
- Support of **maintenance and repair of all 12 District buildings**, including the operations budget, capital improvements in Operations & Maintenance, and approved life safety projects following a multi-year plan to replace all elementary major systems (electrical, plumbing, HVAC), upgrade auditoriums, and maintain structure (roofs, windows, playgrounds).

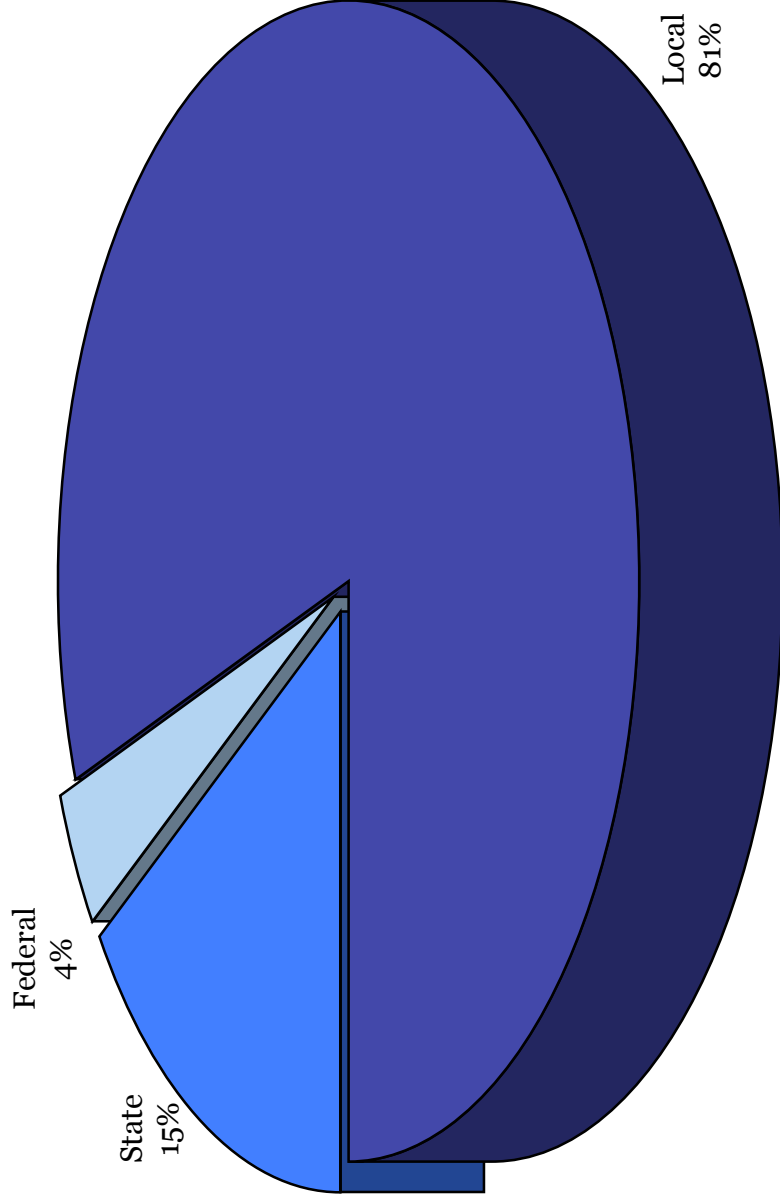
Oak Park Elementary School District 97

What *the dollars purchase...*



Oak Park Elementary School District 97

Where the dollars come from...



Who Spends the Dollars?

	FY04 Budget	%	Per Pupil	FY03 Budget	%	Per Pupil
<i>Student Enrollment</i>			4,886			4,923
<i>Central</i>						
Administration	4,444,132	7.26%	910	4,754,510	6.22%	966
Improvement of Instruction	986,453	1.61%	202	1,529,534	2.00%	311
TOTAL CENTRAL	5,430,585	8.87%	1,111	6,284,044	8.23%	1,276
<i>Grants</i>						
Classroom Instruction	199,237	0.33%	41	199,603	0.26%	41
Special Education	1,247,000	2.04%	255	1,374,606	1.80%	279
Supplemental	775,367	1.27%	159	942,375	1.23%	191
School Improvement	177,588	0.29%	36	110,019	0.14%	22
TOTAL GRANTS	2,399,192	3.92%	491	2,626,603	3.44%	534
<i>School</i>						
Administration	3,749,475	6.13%	767	3,726,674	4.88%	757
Classroom	19,470,780	31.81%	3,985	19,001,308	24.87%	3,860
Pupil Support	1,575,531	2.57%	322	1,469,407	1.92%	298
Special Education	5,065,008	8.28%	1,037	4,760,522	6.23%	967
Supplemental Programs	3,523,925	5.76%	721	3,581,375	4.69%	727
School Improvement	63,900	0.10%	13	262,514	0.34%	53
Extra Curricular	302,964	0.49%	62	342,664	0.45%	70
TOTAL SCHOOL	33,751,583	55.14%	6,908	33,144,464	43.39%	6,733
<i>Out of District Tuition - Special Education</i>	1,550,000	2.53%	317	1,465,625	1.92%	298
TOTAL EDUCATION FUND	43,131,360	70.47%	8,828	43,520,736	56.97%	8,840
<i>Operations & Maintenance/ Life Safety/ Site & Construction</i>	7,966,769	13.02%	1,631	14,300,919	18.72%	2,905
<i>Transportation</i>	2,123,274	3.47%	435	1,875,153	2.45%	381
<i>IMRF/Social Security</i>	1,180,000	1.93%	242	1,190,000	1.56%	242
<i>Bond and Interest</i>	6,804,116	11.12%	1,393	15,508,596	20.30%	3,150
TOTAL	61,205,519	100.00%	12,527	76,395,404	100.00%	15,518

FINANCIAL TASK FORCE SUMMARY

Throughout the 1990's the District 97 Board of Education was able to enhance the educational program and maintain a strong financial position with growing fund balances. The student centered program focused on Academic Achievement, Diversity, and Communications while recognizing that in order to maintain an effective and attractive school system, the Board of Education must consider the effect on the District's long-term fiscal health as decisions regarding programs and funding opportunities were made.

Beginning with the Fiscal 2002 budget, financial pressures of Tax Caps, maintaining competitive salaries, rising health insurance premiums, decline in State resources, and loss of interest income required the Board to focus directly on the reality that current revenues could not support the current program. When the adopted Fiscal 2003 budget forecast \$7 million use of reserves in the operating funds (Education, Operations & Maintenance, Transportation, Municipal Retirement/ Social Security, and Working Cash), the Board authorized the formation of a Financial Advisory Task Force to engage District 97 stakeholders in an open and critical discussion and to develop a shared understanding about financial strategies and practices that would allow District 97 to maintain an attractive and fiscally healthy school system. The Task Force was specifically asked to review District revenues and expenditures over the past several years, to analyze and compare revenues and expenditures of comparable districts; and to identify non-prioritized areas for additional revenue sources and expenditure reductions for the District.

The Task Force report offered the following general recommendations to return the District to a stable financial position.

- ⊗ The District should take immediate action to reduce its current level of spending and/or to increase its revenues considerably. These changes should go into effect in the coming year.
- ⊗ The District should build a 3 to 5-year plan towards gaining fiscal health.
- ⊗ The financial modeling done by the Task Force indicates that the District needs to make \$7.5 million in revenue additions and/or expenditure reductions within the next three years to bring the District out of deficit spending, to achieve a satisfactory state Financial Profile Score (see Section XI.) and to meet the requirements of the proposed Financial Guidelines. This would require taking action on \$3 million in Fiscal 2004, \$2.5 million in Fiscal 2005 and \$2 million in Fiscal 2006. In addition, in order to remain out of deficit spending, the District shall consider asking the voters to approve a referendum.

- ⊗ Because of the current fund balances, the District will have the flexibility to make changes over this 3- to 5-year timeframe. This flexibility is dependent upon the District's taking significant steps in the coming year (Fiscal 2004).
- ⊗ This timeframe should allow the District to make the best long-term decisions for the schools and allow an easier, less disruptive approach to meeting these budget goals.
- ⊗ The Board of Education should adopt as policy the Financial Guidelines (guidelines follow) as drafted by the Task Force. Once implemented, these guidelines should allow the District to operate in a fiscally stable manner. Given the District's current financial issues, a 3-year phased-in implementation of the Guidelines may be the most realistic approach. Note that these proposed Financial Guidelines hold the District to a higher standard than a satisfactory state Financial Profile Score.

The following financial guidelines are central to the Task Force's recommendations for long term financial health of the District. The recommendation that the Board of Education adopt these guidelines as policy was implemented in June 2003, with minor revisions to that stated below.

1. In the planning and budgeting process, the District 97 Board of Directors shall focus on one-year and rolling five-year time horizons.
2. The Board shall obtain one-year and five-year financial projections from the Administration during the annual budgeting process and at least one other point approximately halfway through the fiscal year. During periods of financial duress as defined by bullet points 3 through 5 below, more frequent financial projections shall be obtained.
3. Annual operating expenditure budgets for the next fiscal year shall not exceed projected revenues by more than 3% (expenses divided by revenue not to exceed 1.03). For circumstances when the actual expenses for the prior year exceed actual revenues for that year by greater than 3%, the Board shall take actions to reduce the current year's forecasted deficit by a magnitude sufficient to ensure that the average deficit for the two-year period does not exceed the 3% guideline.
4. Projected fund balances shall not fall below 17 weeks (approximately 33%) of projected operating expenditures.
5. Over the five-year planning period, the projected ending reserve balance shall not assume a negative value for any of the fiscal years.
6. During the budgeting process, the board shall require a detailed explanation of prior-year variances of actual to budget for the Operating Funds.

7. The Board shall know its Illinois State Board of Education financial score at any point in time and on an annual projected basis when five-year projections are performed.
8. The Board shall take the specific actions required by the Illinois State Board of Education given the Designation Category determined by the District's score on the State Financial Profile and implement the recommendations or explain, in an official Board Report, why they are not able to do so.

In addition to the requirements mandated by the ISBE based on the District's score on the State Financial Profile, if any of the financial measures specified in bullet points 3 through 5 above cannot be met, the Board and Administration shall take appropriate actions to bring the particular financial measure back within the established standard. The decisions taken by the board to correct the financial condition will necessarily vary in timing and degree with the perceived severity of the financial problem. The decisions necessary to bring the financial measures back within standard shall be enacted before the budget for the next fiscal year is approved and possibly sooner if reserves do not cover 17 weeks of projected operating expenditures. These actions may include, but are not limited to (in no specific order):

- ⊗ a curtailment in hiring;
- ⊗ a curtailment in implementation of new programs or in the initiation of the next phase of an existing program;
- ⊗ enacting an expenditure budget for the next fiscal year that cannot exceed the projected actual expenditures for the current fiscal year;
- ⊗ personnel reductions that are not constrained by current collective bargaining agreements;
- ⊗ recommendation of a referendum to address the financial situation, recognizing the importance of balancing educational quality with prudent stewardship of public resources;
- ⊗ establishment of a temporary Finance Advisory Committee comprised of primarily of residents of District 97 to recommend remedial actions to the Board

Because of the enormity and urgency of the task, preparation of the FY04 budget necessarily focused on identifying the \$3,000,000 expenditure reductions/ revenue enhancements recommended by the Task Force. A summary of these actions and other budget highlights can be found on page I.4. Page I.15 lists specific reductions recommended by the administration to meet the Task Force recommendations. Calculations demonstrating how the recommended FY04 budget meets the recommended benchmarks can be reviewed in Section XI.

Section Two

Educational Fund

Educational Fund

The **Educational Fund** is the largest operating fund in both volume of transactions and fund balance, recording all financial activity not specifically covered in other funds. Revenues and expenditures directly relating to instruction (both regular and special education), and support services necessary for instruction (as pupil services, administration, business services, improvement of instruction, food services and information systems) are included in this fund.

Total revenues projected for the Educational Fund for Fiscal 2004 are \$38.5 million, a 3.3% increase from FY03. The principal source of these revenues is **local taxes**, comprising 73% of the fund's total receipts. Budgeted revenues for Fiscal 2004 represent a reasonable estimate of taxes to be collected during the course of the year, including a 3% allowance for uncollected or returned taxes. Tax revenues are based on receipts recorded during the year and are dependent on two different tax years (2002 and 2003 (both unknown)). The Tax Cap limit on the 2002 levy is 1.6% and for the 2003 levy is 2.4%.

The **Corporate Personal Property Replacement Tax** is a state tax on the income of businesses that was intended to replace the local tax on the assessed value of corporate personal property, abolished in 1978. These revenues may be deposited to any fund from which expenditures are made after liens are satisfied on the Bond and Interest and the IMRF/Social Security Funds. Aggressive deposits made to those funds in the late 1980's have satisfied this lien for the foreseeable future. The Educational budget for FY04 is \$800,000, a \$30,000 decrease from FY03.

Interest on investments is another significant source of income for the Educational Fund. Decreases in fund balances and dramatically reduced interest rates result in a \$670,000 budget reduction from FY03. Total interest income revenue budget is \$405,600.

District 97 has negotiated two separate **TIF (Tax Incremental Financing) settlements** to recapture lost revenues associated with the establishment of TIF areas. \$475,000 has been applied to the Educational Fund as operating revenues in the FY04 budget, representing these settlements. This is a \$48,000 increase from FY03. More significant, however, is an intergovernmental agreement signed by District 97, Oak Park River Forest High School District 200, and the Village of Oak Park regarding the Downtown TIF. According to the conditions of the agreement, the Village has agreed to return identified values or property to the tax rolls per a specific schedule. The value of this agreement to the District is estimated to be over \$2.6 million in net present value through the life of the TIF, scheduled to end in December 2018. The 2003 Levy (Fiscal 2005 budget) is the first levy to be affected by this agreement.

Several **grants** are included in the FY04 budget. The Oak Park Education Foundation will continue to fully fund Art Start. A new community service project is planned to be initiated in FY04 (\$30,000 expenditure and revenue budget). The state recognizes the importance of early childhood training, and continues its support of the District Pre-Kindergarten At Risk (PKP) program. Other grants include class reduction providing

two additional teachers, service learning, and Tech Ed. Detailed explanations of all grants can be found in Section 2.

Special Education state categorical payments for private facility, orphan's tuition, special education personnel, and extraordinary students are \$2.33 million, reflecting the District's expenditures in these areas and 90% prorated funding of the reimbursement formulas provided in the State budget (100% personnel, an increase from FY03). Increasing significantly in the past three years is the federal IDEA grant. Revenues for FY04 are budgeted at \$996,000, a \$96,000 increase from FY03. The reimbursements are approximately 38% of actual expenditures of the District's special education program.

In FY97, state dollars were authorized for the **School Safety and Educational Improvement ADA (Average Daily Attendance) Block Grant**. The grant is specifically reserved for school safety, textbooks, software, teacher training, curriculum development, school improvement, and remediation programs. District 97 uses the funds for interventions programs as Early Start and Summer Math Academy, providing extended learning opportunities for students not performing at grade level. \$100,000 is budgeted for FY04, a reduction of \$65,000 from FY03. **General State Aid (GSA)**, according to preliminary state figures, will be \$120,000 more than FY03, due to a \$250 increase in the Foundation Level, balanced by a substantial increase in the EAV used in the calculation formula and a reduction in ADA (average daily attendance). These dollars are divided between O&M and the Educational Fund.

New for Fiscal 2004 are **instructional material** and **co-curricular activity fees**. They were instituted at the direction of the Board to meet the recommendations of the Financial Task Force. Estimated revenues are \$300,000 and \$30,000, respectively.

Other revenues in the Educational Fund are related to specific programs or grants and will be detailed with the summaries that follow.

Total **Educational Fund expenditures** are budgeted at \$43.1 million, a \$889,000 decrease from those budgeted in FY03 (-2%). Influencing the percentage is \$4000,000 less carryover funds than the FY03 budget.

Educational Fund **salaries** have been calculated by the contractual obligations of the personnel in current and/or authorized positions. Total salaries are budgeted at \$32.9 million, a .13% decrease from FY03. The decrease represents the net change between increases (estimated 5% increase in the OPTA contract (TBD), contractual retirement salary benefits, .3 FTE nurse increase, 1 FTE resource increase, and 1.6 FTE new gifted positions) and decreases (17.2 FTE less certified classroom positions, 3 FTE reduction in central office released time teacher leader positions, 2.5 FTE reduction in central office secretarial positions, 2 FTE reduced technology support staff, reduction of 2.5 FTE administrative staff positions).

Health benefit premiums have been actuarially calculated to require no increase for FY04. This level of funding provides dollars beyond expected claim amounts, but does not fully fund to the aggregate stop loss insurance coverage. See Section X. for further

explanation of insurance funding. The amount required to pay for contractual premium coverage is \$2.4 million. This includes \$97,660 coverage from grant allocations. The local funding amount is \$470,000 less than FY03, but that year included a \$500,000 transfer to the Insurance Fund to protect against cash flow shortages.

2X20 salary **retirement benefits** (a contractual commitment to increase retiring certified salaries 20% for each of the last two years of employment) are included with salary budgets. The cost of the salary benefit is \$550,000 for 31 staff members. It is anticipated that these retirement costs will be balanced with multi-year salary savings from personnel replacements. Additional benefits paid to TRS for Early Retirement Option (ERO) participants and retiring employees totals \$164,000, a reduction of \$125,000 from FY03.

State accounting requirements provide for **Other Sources** and **Uses** of funds. The FY04 Educational Fund budget includes \$100,000 transfer of interest earnings (other source) from the Working Cash Fund to offset operating expenditures. Repayment of the technology loan from FY02 is recorded as an "Other Use". At the recommendation of the Finance Task Force, the Board plans to sell \$700,000 taxable working cash bonds for operating revenue.

Total expenditures, revenues, and other uses are projected to result in a reduction in fund balance at 6/30/04 of \$4 million.

Fiscal 2004 Revenues: \$38,474,439
Fiscal 2004 Expenditures: \$43,131,360
Other Uses and Sources: \$652,844
Projected 6/30/04 Fund Balance: \$14,725,613

OAK PARK ELEMENTARY SCHOOL DISTRICT 97
Educational Fund Budget Comparison
Fiscal Years 2003 and 2004

	Recommended FY04 Budget	FY 03 Budget	FY 03 Actual	Percent Change (From Budget)	
REVENUES and Other Sources					
Local					
Interest on Investments	405,600	1,076,000	514,100	-62.30%	Based on current earnings rate and Fund Balance.
Taxes	28,219,206	27,182,829	26,810,899	3.81%	Based on expected tax collections.
Other Local	2,480,609	2,134,760	2,291,892	16.20%	Lunch Sales and Supervision Fees/ TIF settlement revenues/ Corporate Personal Property Replacement Taxes. Increase: addition of instructional material and co-curricular activity fees
Total Local	31,105,415	30,393,589	29,616,891	2.34%	
State					
General State Aid	2,370,000	2,357,000		0.55%	GSA: FY03 allocation includes portion from O&M to adjust for Working Cash bond distribution
Categorical	2,877,934	2,644,552		8.83%	Increase in Special Ed categorical reimbursements
Total State	5,247,934	5,001,552	5,449,106	4.93%	
Federal	2,121,090	2,164,972	2,192,716	-2.03%	Decrease: Federal World Language, Medicaid reimbursements/ Title Grants/Increase: IDEA grant
Other Sources	800,000	479,000	454,802	67.01%	Includes proceeds from sale of taxable Working Cash Bonds and transfer of interest from Working Cash
Total Educational Fund Revenues and Other Sources	39,274,439	38,039,113	37,713,515	3.25%	

Educational Fund Budget Comparison, continued

	Recommended FY04 Budget	FY 03 Budget	FY 03 Actual	Percent Change (From Budget)	
EXPENDITURES and Other Uses					
Salaries	32,938,741	32,981,820	32,641,807	-0.13%	OPTA salary contract TBD/reduction of positions
Benefits	2,891,535	3,323,991	3,228,980	-13.01%	FY03: \$500,000 transfer to Insurance Fund / retirement payments reduced Increase in all insurance premiums/ Reduction: carryover included in FY03 amounts; FY03 grant budgets in contracted services
Contracted Service	3,725,447	3,659,404	2,660,655	1.80%	Reflects school allocations and reductions in most budgets
Supplies	1,456,722	1,730,049	1,790,728	-15.80%	Reductions in school allocations and school and administrative equipment and furnishings/ Lincoln ADA washroom (budget reduced from FY03 allocation for elevator)
Equipment	505,915	751,547	729,795	-32.68%	
Other	63,000	108,300	117,668	-41.83%	Reduction in Board account
Tuition	1,550,000	1,465,625	1,432,418	5.76%	Based on projected out of District placement of special needs students
Other Uses					
Transfer to Bond & Interest	0	1,035,452	1,398,655	-100.00%	FY03: Defeasement of ARBs
Tech Loan Repayment	147,156	213,000		-30.91%	FY00 loan payments completed
Total Ed Fund Expenditures and Other Uses	43,278,516	45,269,188	44,000,706	-4.40%	

Administration

The **Administration** budget covers all central office functions not assigned to a specific program, including the Board of Education, the Superintendent, Community Relations, Tort Immunity, Personnel, and the Business Office. In addition, District expenses for telephone, Print Shop, and mail delivery (internal and U.S.) are recorded in this program.

The **Board of Education** budget includes Board dues and Board sponsored activities, the treasurer's (\$5,600 increase) and audit functions, and Board recognition. Budget for the FY04 audit includes costs associated with implementation of GASB 34 (regulations for school district audits that includes reporting on an accrual basis and equipment depreciation). \$12,000 covers the costs of a community newsletter (reduction of \$13,000 from FY03). \$2,500 pays for limited expenses relating to the Oak Park Ed Foundation's work, primarily the use of the District Print Shop. \$35,300 supporting the operation of the Parent Center has been eliminated from the FY04 budget. Continuing is a \$23,073 budget paid to Hephzibah for social worker services provided to resident children attending District 97 schools, support for the Oak Park River Forest Early Childhood Collaboration (\$15,000), and staff budget for a .5 FTE administrative assistant to the Board who also serves as the elected Board Secretary.

Closely related to the Board of Education function is the office of **Community Relations**, which provides direct support to the schools, superintendent, Board, and directors; enhances community out-reach and education through public forums; the purchase of a parent newsletter, district publications and district newsletter; and maintains positive media relations through the timely and accurate flow of information. The budget includes the salary and benefits for its coordinator, .5 FTE administrative assistant, postage, professional development, and supplies.

The **Superintendent's Office** salary budget includes the Board approved salary and fringe benefits for the Superintendent, an administrative assistant, and .5 FTE secretary (.5 FTE reduction from FY03). Eliminated or reduced from the FY04 budget is the staff member assigned to represent the District with the Minority Student Achievement Network, support of District Council (staff, administration, Board and parents), \$11,700 from the Superintendent's incentive budget (FY04 budget is \$45,000 for support of projects that will have a significant impact on the District's effort to achieve its mission), and \$5,000 from administrative staff development activities (FY04 budget is \$10,000). \$10,000 supports activities relating to the District's participation in the Minority Student Achievement Network. New this year is a budget for psychological evaluations for non IEP students. These evaluations have been conducted through the recommendation of the superintendent and currently are covered through his incentive budget. However, the numbers have increased significantly and the incentive budget reduced. In FY04 there will be a \$40,000 separate budget for this activity.

The **Human Resources and Development Program** includes salary budgets for the Director, 6.5 FTE secretaries (department administrative assistant, student registration, District Office receptionist, substitute calling, University 97 and registration support, benefits coordination, and .5 FTE curriculum leader assigned to direct University 97 and the mentor program. Professional development and supply budgets have been maintained at FY03 levels. Certified retirement payments to TRS (Teachers Retirement System) are budgeted according to the District commitments for retirements are \$164,360, a decrease of \$124,000 from FY03. A support staff professional development budget (\$15,000) pays for District-wide initiatives that assure all staff members are provided the training required to perform the work assigned. Budgets include a truant officer and residency investigator (\$26,640) to address student attendance concerns, payments for a contracted substitute calling system (\$17,000), and \$4,000 annual residence tracking software maintenance fees. The budget for staff recruitment is \$14,000 (reduced). Costs for University 97, previously funded in this program will be totally funded through Title II, including budget for supplies and instructors' stipends. The budget for the 1.0 FTE staff for program administration (noted above) is included with salary budgets in this program.

The **Business Office** salary budget includes the Assistant Superintendent, 3.5 secretaries (department administrative assistant, payroll, accounts payable, and .5 FTE management services clerk). Reduced in FY04 is the assistant business manager, a position that was added for department support during the facilities projects. The budget for staff development has been reduced \$1,800; equipment, printing, and supplies are the same as FY03. The Assistant Business Manager position has been eliminated with the completion of the facilities projects, removing the workload the position was originally intended to relieve.

Budgets for expenditures directly assigned to the **Tort Immunity** Levy include all insurance premiums, a portion of the salaries for the business office staff member responsible for risk management activities, legal fees, the Alternative School located at Hephzibah, \$70,100 for an education liaison/social worker to coordinate school activities for Hephzibah residents attending District 97 schools and District 97 share of township interventionist. Budget for middle school S.O.A.R programs and alternate school is \$202,500. Premiums for liability and property insurance reflect market conditions and an increase of 20% (\$245,000). Although this is substantial, the District's participation in the CLIC cooperative continues to provide the most economical and consistent coverage available. Workers Compensation insurance is provided by SELF, which is also pooled coverage, is \$428,156 (\$140,000 increase from FY03) based on District experience and increase in market rates. Other Tort related expenditures are recorded in various programs and identified by District auditors at the time the District books are examined.

The **general administration** budget provides resources to operate the District Print Shop, budget for the lease/purchase of 2 Xerox DocuTechs, supplies, and equipment

maintenance (\$145,000). This is an increase of the budget by \$20,000, which was transferred from the Transportation Fund as revenues sources for that fund no longer support assigning the expenditure there.

Finally, budgets for the District delivery driver, half time mail clerk, District telephone service and central office postage are recorded in the Administration budget. The telephone account (\$125,000) reflects costs for lines required for Voice Link, the District's voice mail system, and partial E-rate reimbursement from the federal government.

All general revenues, including local taxes, interest earned, Corporate Personal Property Replacement Tax Revenues, and General State Aid support administration expenditures. Additional resources come from charges for outside printing.

Fiscal 2004 Revenues: \$2,000
Fiscal 2004 Expenditures: \$3,362,596