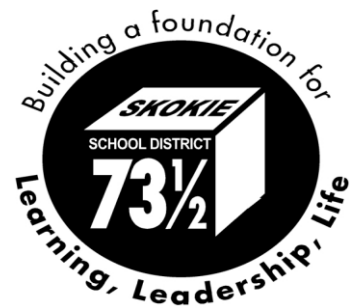


Skokie School District 73½
Skokie, Illinois

2018-2019 Budget

September 11, 2018



Skokie School District 73½
8000 East Prairie Road
Skokie, Illinois 60076
847.673.1220

**Skokie School District 73½
2018-2019 Proposed Budget
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Superintendent's Letter

TO: The Skokie School District 73½ Community

RE: The 2018-19 Tentative Budget

DATE: September 11, 2018

The Budget Book includes budgeted allocations for 2018-19 and Pre-audit Actual Revenue and Expenditures for 2017-18. The Tentative Budget was placed on display July 19, 2018, at the District 73½ Office, 8000 East Prairie Road, Skokie, Illinois, 60076, and on the district web site at www.sd735.org. Adjustments were made to the Tentative Budget as additional information was received from the state. On September 11, 2018, at 7:00 p.m., the budget will be presented at a public hearing and recommended for adoption by the Board of Education.

The Board of Education recognizes that it has a responsibility to the taxpayers of Skokie District 73 ½ to operate in a fiscally sound manner. The Board also recognizes that it is impossible to meet an infinite array of educational needs with finite resources. Therefore, the primary objective of this budget is to provide the greatest educational opportunities for our students within the constraints of available resources. The Board of Education approved a new five-year strategic plan on May 8, 2018. The plan includes goals and initiatives in the following areas: Academics, Community Engagement, Fiscal Responsibility, Learning Environment and Whole Child. This document also guides expenditures.

The preparation of the budget involves a detailed review of major revenue sources and expenditures. Building the budget is a collaborative process. Input is received from many staff members including but not limited to Principals, Directors and instructional staff.

There were minimal staffing changes for 2018-19. The role of Instructional Assistants was expanded to include supervision of students during lunch periods and bus routes. This ensures consistency for students throughout the day.

In 2018-19, the District will be in the second year of a 3-year contract with the McCracken, Middleton, Meyer Education Association. Beginning with the 2017-18 school year, a base salary system was implemented in place of the teacher's salary schedule. In the 2018-2019 school year, teachers will receive a pay increase of 3%. Classified staff and administrators will receive an overall 3% increase in salary as well. Teachers who meet predefined educational milestones will receive an additional increase.

For the 2018-19 school year, classified staff will receive a 3% increase and Administrators will receive an overall 3% increase in salary. In addition, these employees may receive a discretionary non-compounding bonus based on performance.

The technology updates will continue in 2018-19, adding new SmartBoard TVs in the 1st and 2nd grade classrooms and refreshing the iPads at Middleton Elementary. Currently, iPads are provided for Pre K through 2nd grade students and Chromebooks are provided to students in 3rd through

8th grade. Replacing older networking equipment and adding new management software will greatly improve the District's connectivity, communication, operations and management of the network. All three buildings are now using the same updated AV system located in each gymnasium and MPR.

We continue to monitor fiscal concerns that could impact our District. These concerns include but are not limited to the following: the tax cap's effect on limiting revenue, tax revenue appeals and refunds, a decrease in state funding, possible pension reform, rising costs for special education, and increased costs for medical insurance. It is our intent to continue to spend responsibly while seeking long term solutions to the issues that have adversely affected the financial resources of our district.

The preparation of this report could not have been accomplished without the dedicated service of the Business Office staff. I would also like to thank the Board of Education for their hard work, support, and dedication in conducting the financial affairs of the District in a responsible and efficient manner.

We believe that if we work together as a team and manage our resources well, we can meet the high expectations of our community and ensure the success of each student.

Respectfully submitted,

Kate Donegan

Kate Donegan
Superintendent

Skokie School District 73½ Board of Education Members

President

Gary Dolinko

Term: April 2017 – April 2021

Vice President

Michael Lemke

Term: May 2015 – April 2019

Secretary

Nicholas Werth

Term: April 2017 – April 2021

Secretary Pro-Tem

Scott Bramley

Term: April 2017 - April 2021

Member

Baccet Levy

Term: April 2017 – April 2019

Member

Emily Twarog Miller

Term: April 2017 – April 2021

Member

Randall Steger

Term: May 2015 – April 2019

Budget Overview

The Budget Process

The development of the 2018-19 Budget was an ongoing process throughout the 2017-18 school year and the summer of 2018. The Chief Financial Officer met with administrators and department heads to review the district's educational goals, program and building needs, budget procedures, historical data, and anticipated revenue.

The development of the budget maximizes the use of available resources while achieving the goals of Skokie School District 73½. The budget is built using the following data:

- Enrollment projections which affect state and federal allocations as well as staffing needs.
- Budget revenue and expenditure trends based on historical data.
- Tax collections, appeals and refund data trends.
- The Strategic Plan which includes initiatives in the area of academics, community engagement, fiscal responsibility, learning environment and whole child.
- The five-year Facility Plan to identify major building projects.
- The District's technology initiatives and replacement schedules.

The Tentative Budget was approved by the Board of Education on June 12, 2018. After Board approval, the Tentative Budget was placed on display for more than 30 days as required by law. Updates were made as needed through September 6, 2018. The 2018-19 Budget will be recommended for adoption on September 11th after the Budget Hearing.

In the fall, the 2018 Estimated Tax Levy will be presented. A public hearing for the 2018 Tax Levy will be held prior to Board adoption of the Levy. The Board approved Tax Levy will be filed with the Cook County Clerk's Office on or before the fourth Tuesday in December.

In accordance with state requirements, the budget for a school district is separated into various funds that cannot be commingled. Each fund has its own budget and a specific purpose for use of expenditures. The Illinois School Code allows for the transfer of interest earnings and/or interfund transfers. Transfers must be approved by the Board of Education.

The administration follows budget guidelines approved by the Board of Education. Additionally, district and school administrators manage their assigned budget line items in collaboration with their staff.

Fund Categories

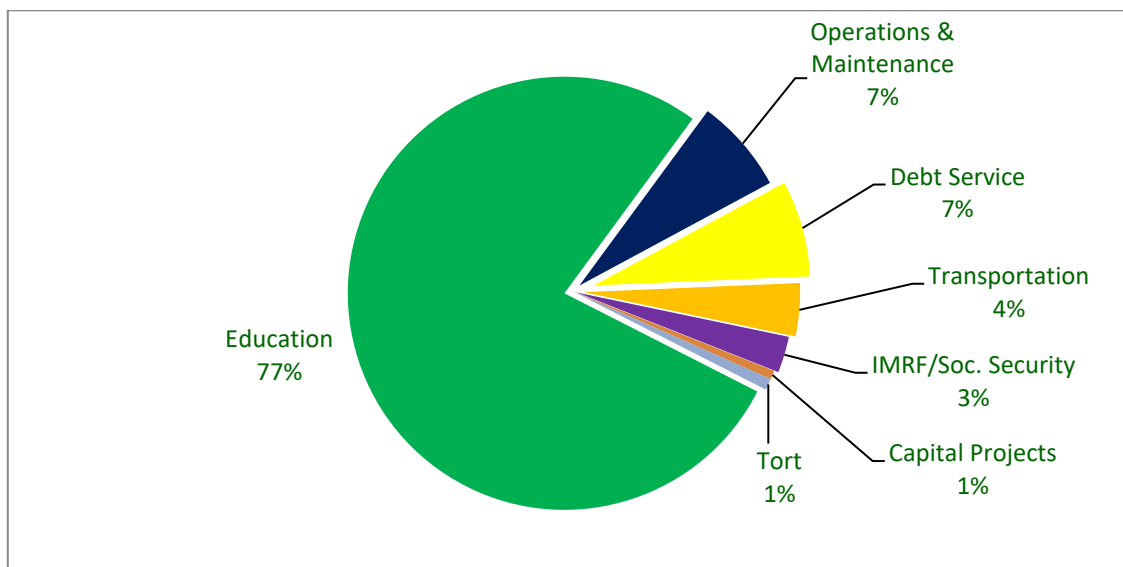
Below is a list of funds and purpose of these funds:

- **Education Fund** (includes Special Education funds) – The Education Fund is used for all instructional programs. These programs provide planned and structured teaching and learning experiences for Early Childhood through 8th grade in the subject areas of mathematics, reading, language arts, science, social studies, physical education, art/fine arts, music and health. This Fund provides for human resources and benefits for classroom teachers, program and clerical assistants, and building assistants; books and materials; instructional equipment including technology; maintenance contracts for instructional equipment and educational consultants; and many other expenses directly related to instruction.

- **Operations & Maintenance Fund** – The Operations & Maintenance Fund (O&M Fund) provides appropriations to maintain, improve, or repair school buildings and grounds. This fund also provides for human resources and benefits for the buildings and grounds staff; custodial and maintenance supplies; utilities including the purchase of natural gas and electricity; equipment needed for the upkeep of buildings; and any maintenance work that is needed to be completed by outside contractors.
- **Debt Service Fund** – Formerly known as The Bond & Interest Fund, this Fund is utilized to manage all debt obligations of the School District. Illinois School Code only allows the transfer of earned interest on investments to other funds if needed.
- **Transportation Fund** – This fund provides for expenses for contractual and district-owned buses used for daily student transportation, field trips, and after school sports and activities.
- **Social Security and Illinois Municipal Retirement Fund (IMRF)** – This fund provides for expenses related to Social Security, Medicare, and retirement for classified school district employees.
- **Capital Projects** – This fund accounts for financial resources to be used for the acquisition, construction or renovation of major capital facilities.
- **Working Cash Fund** – This fund is reserved for cash flow when revenue is not received to meet expenditures and may be used to help support the operating funds. Monies earned as interest from investment of the Working Cash Fund may be transferred to the other funds. The Working Cash Fund may also be abated to balance other funds upon authority of the school board.
- **Tort Immunity Fund** – This fund provides for liability, security, and any needed equipment related to the safety of students and staff. The budget includes expenses for workers' compensation insurance, liability insurance, legal costs related to liabilities, unemployment costs, and other expenditures related to risk management.
- **Life Safety Fund** – This fund provides for fire prevention, safety, energy conservation or school security purposes.

In most, if not all school districts, the majority of expenditures flow through the Education Fund. The anticipated distribution of expenditures by fund for Skokie School District 73 ½ is shown below.

**2018-19
Anticipated Expenditures by Fund**



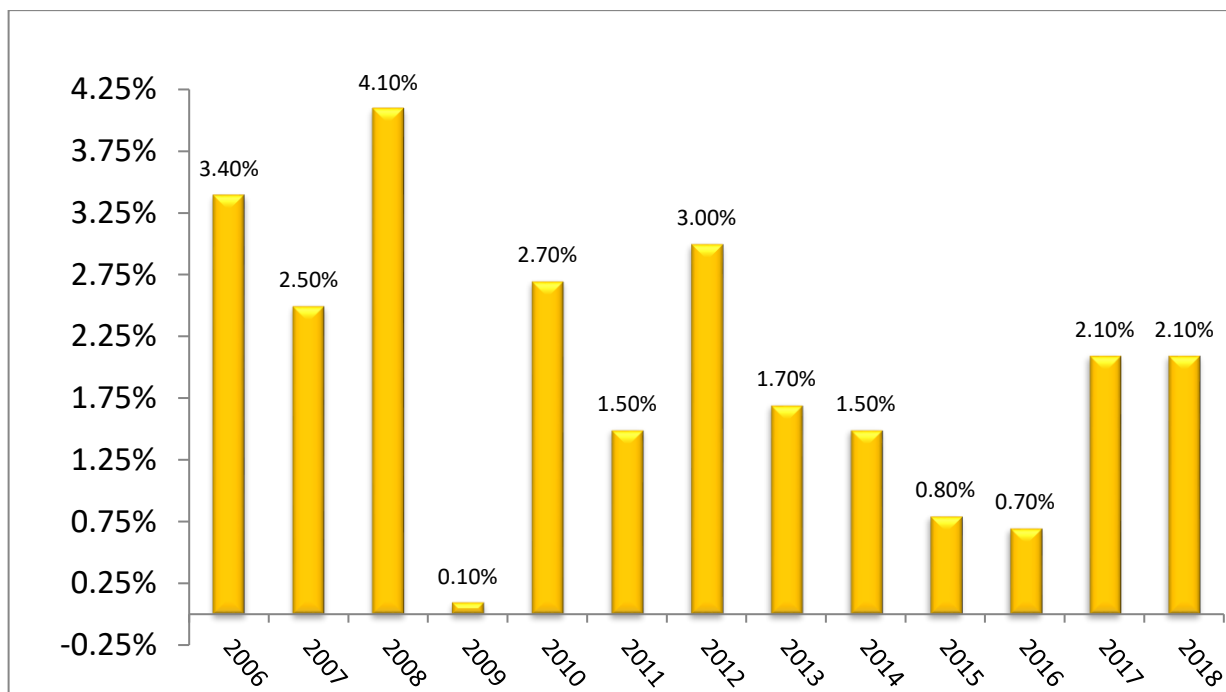
Sources of Revenue

■ Property Taxes

The Board of Education adopts an annual tax levy for taxes that will be collected the following calendar year. After the levy is adopted by the Board of Education, it is then filed with the Cook County Clerk before the last Tuesday in December. The County then extends the levy to the assessed property in the District.

The levy for taxes is limited by several factors. Several funds have statutory rate limits which cannot be exceeded and can only be changed by referendum. In addition, the District is subject to the **Property Tax Extension Limitation Law or “Tax Caps”** which limits the rate of growth for operating funds to 5% or the Consumer Price Index (CPI), whichever is lower. The Tax Cap limit is intended to control the growth of property taxes when property values and assessments are increasing faster than the rate of inflation. As a result, it slows the growth of revenue to taxing districts. A historical summary of the Consumer Price Index is shown below.

Historical Summary of the Consumer Price Index Used for Illinois Tax Levies



Property taxes are collected by the Cook County Treasurer who remits to the District its share of collections. Taxes levied in one year become due and payable in two installments, which are typically scheduled for March 1 and September 1. However, sometimes these installments are distributed late. The distribution of property taxes in the spring is 55% of the prior years' Tax Levy Extension. The distribution of property taxes in the Fall is calculated by subtracting the Spring collections from the prior years' Tax Levy Extension. The increase in the 2017 Tax Extension for the Tax Capped Funds was \$382,954 or 2.5%. This increase is due to revenue generated from the Tax Cap limit of the CPI plus new property growth. A summary of tax distribution cycle used for budgeting is shown below.

FY19 Property Tax Distribution for Budgeting

	Fiscal Year 2017-18		Fiscal Year 2018-2019	
	Tax Year 2016	Tax Year 2017		Tax Year 2018
	2nd installment	1st Installment	2nd installment	1st installment
IMRF	\$197,794.28	\$144,967.55	\$134,133.98	\$151,113.88
Social	\$197,794.28	\$158,146.41	\$146,327.98	\$164,851.50
Liability	\$84,603.12	\$105,430.93	\$97,552.00	\$109,901.00
Transportation	\$1,305,181.00	\$359,860.58	\$332,797.71	\$375,024.36
Education	\$4,299,957.63	\$5,536,054.39	\$5,120,577.24	\$5,769,802.50
Building	\$675,664.07	\$852,750.20	\$788,763.07	\$888,761.92
Working Cash	\$61,384.43	\$77,522.75	\$71,705.55	\$80,796.44
Life Safety	\$0.00	\$155,045.49	\$143,411.11	\$161,592.88
Sped	\$491,365.67	\$620,181.97	\$573,645.42	\$646,372.06
Leasing	\$41,503.40	\$26,357.73	\$24,388.00	\$27,475.25
Bonds	\$671,455.69	\$760,188.04	\$703,087.97	\$874,725.03
	\$8,026,703.57	\$8,796,506.04	\$8,136,390.03	\$9,250,416.81

We anticipate refunding approximately \$350,000 in property taxes during 2018-19 due to the property tax appeals. It is difficult to predict how these appeals may affect us from year to year because property tax appeals are the actions of individual taxpayers. Along with the other school districts in Niles Township, we attempt to track these appeals as they proceed through the legal system. Sometimes during the appeal process, districts have an opportunity to negotiate the size of a given property tax reduction. Unfortunately, we do not know the impact of a particular case until after it has been decided.

The Cook County Assessor is responsible for the assessment of all taxable real property within each county except for certain railroad property, which is assessed directly by the State. Property in Cook County is assessed every three years. Niles Township was reassessed in 2016 and will be reassessed again in 2019. The County Clerk computes the annual tax rate by dividing the levy into the assessed valuation of the taxing district. The County Clerk then computes the rate for each property.

- **Personal Property Replacement Tax (PPRT)**

In 1979, PPRT was implemented in order to replace the revenue that was lost by local governments when the tax on personal property of corporations, partnerships and other business entities was abolished. The PPRT is revenue generated from taxes on income of corporations, partnerships, trusts and public utilities. Since it is difficult to predict the change in overall corporate earnings, the PPRT is estimated by the Illinois Department of Revenue on an annual basis.

- **Interest Income**

Interest is earned from investments of school funds. The Niles Township School Treasurer is the legal custodian for all district funds along with the other districts in the township. These funds are invested according to Illinois law which governs the investment of school funds in order to maximize safety.

- **State Funding**

The State of Illinois' financial crisis continues to impact our District negatively. As of September 6, 2018, the state of Illinois had a bill backlog in excess of \$7.7 Billion dollars. While this is a marked improvement over the prior year's \$16 Billion, the state remains overextended. As a result, we budget for only a portion of what is owed to the District each year.

In 2017, the Evidence Based Funding (EBF) for Student Success Act was signed into Illinois law. The EBF model is intended to provide a level of equity that the previously utilized foundation level system did not. The EBF Model considers local property wealth, previous state funding, and the individual needs of each school district. A summary of the EBF calculations for the 2018-19 school year is provided at the end of this section.

In addition to Evidence Based Funding, the State of Illinois will continue to fund categorical grants including, but not limited to, Early Childhood and Bilingual Education grants. Unfortunately, the District did not receive the Early Childhood grant for the 2018-19 school year.

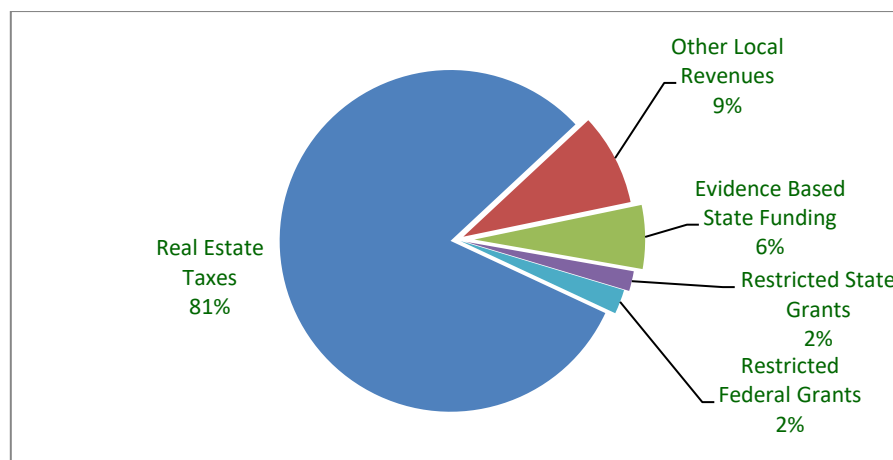
While the new funding model provides a glimmer of hope for Illinois school districts, the State simply does not receive enough revenue to balance its budget on an annual basis. With an unfunded pension debt of \$130 Billion (in 2017) and the lowest credit rating in the country, it is anticipated that the state's fiscal woes will continue well beyond the 2018-19 school year.

- **Federal Funding**

The Every Student Succeeds Act (ESSA) became law on December 10, 2015. ESSA replaced the No Child Left Behind Act of 2002. The District receives restricted grant funding associated with ESSA. The funding includes: Title I which supports a portion of the salaries for the Literacy Program; Title II which supports staff development, and Title III which supports English Language Learner (ELL) programs. Additionally, the District may receive Title IV funds for Student Support and Academic Enrichment.

In most suburban Illinois school districts, real estate taxes are the largest source of revenue. The anticipated distribution of revenue for Skokie School District 73½ is shown below.

**2018-19
Anticipated Revenues by Source**



2018-19 Evidence Based Funding Calculation Summary

Skokie District 73.5

FY17 Operational Spending Per Pupil \$18,338

Tier 3

Stage 1: Determining Adequacy Target

Determining the cost of educating all students

Factors	Variables (list is not all inclusive)	Amount
Core Investments	Teachers, Nurses, Guidance Counselors, Principals	\$5,466,084
Per Student Investments	Gifted, Technology, Facilities, Central Office	\$778,581
Additional Investments	English Learner, Special Education, Low Income	\$2,091,717
Average Student Enrollment	Greater of three year average or current year	1016
Regionalization	Regional variations in salaries (statewide = 1.56)	1.05723

The Adequacy Target for Skokie School District 73.5 is \$13,173,807 or \$12,966 per student. This means that based on the state's calculations, the District needs \$12,966 per student to provide an adequate education specific to the needs of our students.

Stage 2: Determining Local Resources

Measuring the local resources for comparison to the Adequacy Target

Factors	Variables (list is not all inclusive)	Amount
Adjusted Equalized Assessed Valuation (EAV)	"Real" EAV, PTELL	\$257,795,707
Local Capacity Ratio (LCR)	Adjusted EAV, Adequacy Target, District Type (i.e. elementary)	19.56
Local Capacity Target (LCT)	Adequacy Target, Local Capacity Percentage	\$8,199,377
Adjustment to LCT	EAV, Operating Tax Rate, Transportation, Local Revenue	\$3,209,287
Adjustment to BFM	Base Funding Minimum, FY17 Supplemental GSA	-\$83,354

The Base Funding Minimum (BFM) is the gross distribution of EBF from the prior year which was \$1,246,899. The FY19 Adjusted Base Funding Minimum for Skokie School District 73.5 is \$1,163,545. This means that based on the District’s local resources and the specific needs of our students, the District needs less money to provide an adequate education this year.

Stage 3: Distribution of New State Funding

Distributing Additional State funds to bring districts closer to Adequacy Targets

Tier	% of New Funding	Amount
Tier 1	Received 50%	
Tier 2	Receives 49%	
Tier 3	Receives 0.9%	\$24,981
Tier 4	Receives 0.1%	

Skokie School District 73.5’s final level of adequacy is 99% which places it in Tier 3. This means that based on local resources and the adjusted base funding minimum, the District is at 99% of its Adequacy Target. The hold harmless prevents the state from providing less funding than was received last year. As a result, the State’s total EBF contribution to Skokie School District 73.5 is \$1,271,880, a 2% increase over the prior year.

The 2018-19 Proposed Budget

2018-2019 PROPOSED BUDGET

EXECUTIVE SUMMARY SEPTEMBER 11, 2018

Highlights of the 2018-2019 proposed budget are provided below for your review and consideration.

Budgeted revenues are estimated to total \$21.1 Million which represents an increase of less than 1% compared to the prior year. Local real estate taxes, our largest source of revenue, will increase no more than the rate of inflation (plus new property) due to the Property Tax Extension Limitation Act. Evidence Based Funding (EBF) totals \$1.27 Million, an increase of 15.6% compared to the prior year. Restricted state revenue is estimated at \$397,003, a decrease of more than 45% due to the loss of the Early Childhood grant and the transition to the EBF model, Federal grant revenues are expected to decline 12% to \$486,066. The decline in Federal grant revenue is largely due to a decrease in the District's Every Student Succeeds Act (ESSA) allocation.

Expenditures are estimated to total \$22.1 million dollars. This represents a decrease of 10.8% over the 2017-18 budget, largely due to the completion of capital projects at Elizabeth Meyer and John Middleton Schools. Excluding capital projects, budgeted expenditures reflect a decrease of 1.7% compared to the prior year. Salaries and benefits account for roughly \$14 Million, or 63% of the District's total planned expenditures for 2018-19. Budgeted salary and benefits are estimated to increase 3.6% over the prior year. Purchased services are estimated to total \$6.4 Million, a decrease of .5% over the prior year. Supplies and materials are estimated to decrease just under 6%. Additional highlights of the 2018-2019 proposed budget are as follows:

- Evidence Based Funding from the state is estimated to total \$1,272,000
- Salaries are projected to increase 5%
- Benefits are projected to decrease 3.7%
- Debt payments totaling roughly \$1.6 million dollars will be paid throughout the year
- The estimated ending fund balance for June 30, 2019 is \$30,737,509
- **The structural deficit is estimated to total \$957,923.**

As required by law, the tentative budget was approved in June and placed on display for more than thirty (30) days prior to the public hearing. Supporting documents are available for review in the Business Office. Questions or concerns should be directed to the Chief Financial Officer.

2018-19 Revenues

Estimated revenues total \$21,132,062 which represents an increase of less than 1% over the prior year budget. Local real estate taxes will increase 2.1% (excluding new property) as a result of the Property Tax Extension Limitation Law. State revenue is expected to decrease 9.2% compared to the prior year budget, largely due to the loss of the Early Childhood Grant and the transition to the Evidence Based Funding (EBF) Model. Federal funding is projected to decline 12% due to a decrease in funding for disadvantaged students through the Every Student Succeeds Act (ESSA).

Like most Illinois school districts, the District's primary source of revenue is local property taxes. This major source of revenue is greatly affected by tax caps, the percent of tax collections, property tax appeals, and Circuit Court decisions.

Local property taxes for the 2018-19 school year are estimated to total \$17,141,418 which represents 81% of the District's total estimated revenue. Other local revenues account for roughly 9% of the total revenue budget. This includes Corporate Personal Property Replacement Tax (CPPRT), interest earnings, nutrition sales, student fees, etc.

State revenue is estimated at \$1,668,883 or approximately 8% of the total revenue. The new Evidence Based Funding Model is estimated to account for \$1.27 Million of state funds. State revenue also includes restricted grants. Examples include; Special Education reimbursements, Bilingual Education, etc.

Federal revenue is estimated at \$486,066 or approximately 2% of the total revenue. Federal revenue includes restricted grants only. Examples include; Titles I II, IV, and the National School Lunch Program.

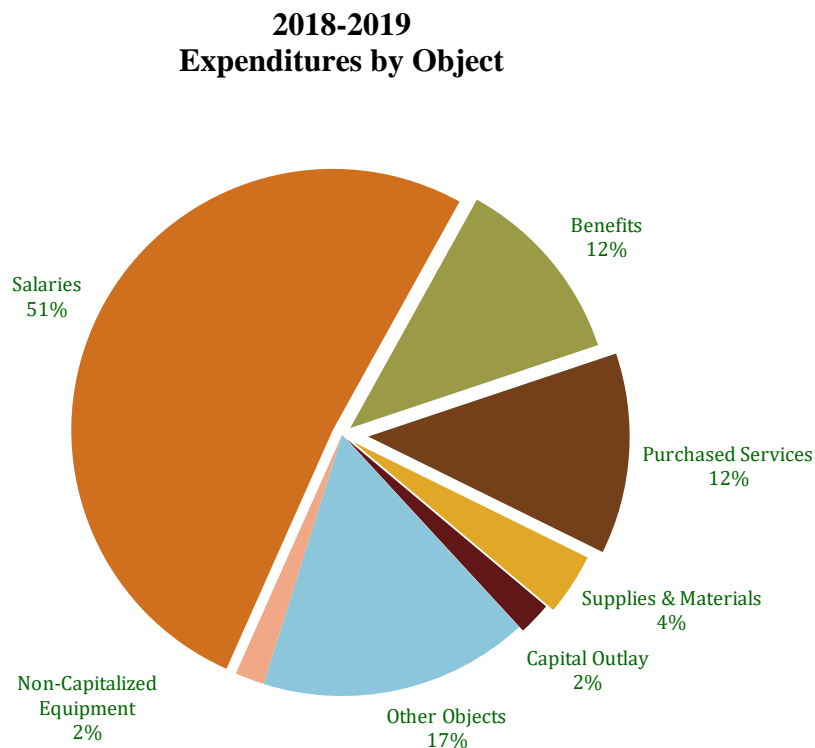
The table below represents a historical summary of revenues for the District along with current budgeted revenues for the 2018-19 school year.

2013-2019 Historical and Budgeted Revenues

	FY13	FY14	FY15	FY16	FY17	FY18	FY19
	Actual	Actual	Actual	Actual	Actual	YTD (unaudited)	Budget
REVENUES:							
Real Estate Taxes	\$15,179,616	\$15,466,113	\$15,628,757	\$15,959,873	\$16,405,163	\$16,290,496	\$17,141,418
Other Local Revenues	\$1,343,697	\$1,383,752	\$2,222,001	\$2,217,358	\$3,039,607	\$1,809,023	\$1,835,695
Evidence Based Funding (formerly GSA)	\$580,198	\$685,840	\$687,713	\$732,648	\$785,774	\$1,133,227	\$1,271,880
Restricted State Grants	\$1,077,659	\$847,909	\$899,292	\$811,605	\$908,232	\$744,663	\$397,003
Restricted Federal Grants	\$362,641	\$375,432	\$397,545	\$390,870	\$586,324	\$389,709	\$486,066
Total Revenues	\$18,543,811	\$18,759,046	\$19,835,308	\$20,112,354	\$21,725,100	\$20,367,118	\$21,132,062

2018-19 Expenditures

Anticipated expenditures for the 2018-2019 School Year total \$22,089,985 which represents a decrease of close to 11%, largely due to the completion of capital projects at Elizabeth Meyer School and John Middleton School. Salaries and benefits account for approximately \$14 Million, or 63% of expenditures. A summary of expenditures by type (object) is shown below.



Since revenue from local property taxes and state revenues are not always disbursed on a timely basis, it is important to maintain at least six (6) months of expenditures in each Fund in order to meet required expenditures, such as payroll and operating expenses. In accordance with the Skokie School District 73½ Board of Education policies, all funds (excluding capital projects) will have ending fund balances of at least six (6) months of expenditures.

Human Resources

The largest expense for all school districts is human capital.

In 2018-19, the District will be in the second year of a 3-year collective bargaining agreement with the Teachers' Association. Teachers will receive a pay increase of 3% during the second year of the agreement. The salaries have been tied to the CPI-U because the largest portion of the District's revenue, property taxes, is limited by the CPI-U.

For the 2018-19 school year, classified staff will receive a 3% increase and Administrators will receive an overall 3.0% increase in salary. In addition, these employees may receive a discretionary non-compounding bonus based on performance.

Other budgetary highlights include the following:

- Technology upgrades are planned for teachers, students, and STEM programming
- Debt payments totaling approximately \$1.6 million dollars will be paid throughout the year

- Special Education expenditures should decrease as out-of-district placements will be reduced

The table below provides a historical summary of audited expenditures with the proposed budget for 2018-19.

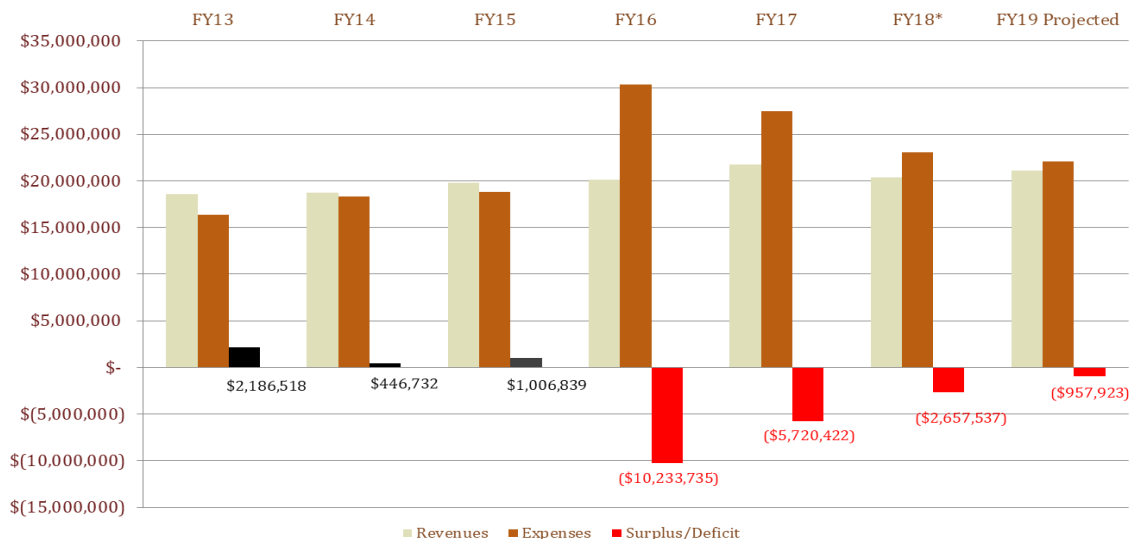
2013-2019 Historical and Budgeted Expenditures

	FY13	FY14	FY15	FY16	FY17	FY18	FY19
	Actual	Actual	Actual	Actual	Actual	YTD (unaudited)	Budget
EXPENSES:							
Salaries	\$9,063,226	\$9,473,774	\$10,073,254	\$10,218,607	\$10,377,342	\$10,338,844	\$11,351,802
Benefits	\$1,991,125	\$2,148,801	\$2,253,455	\$2,947,343	\$2,414,107	\$2,328,810	\$2,605,703
Purchased Services	\$2,021,372	\$2,238,505	\$2,218,629	\$2,462,507	\$3,748,003	\$2,309,437	\$2,747,685
Supplies & Materials	\$665,235	\$769,266	\$759,132	\$835,264	\$696,291	\$547,141	\$845,133
Capital Outlay	\$412,153	\$1,509,833	\$956,844	\$639,534	\$6,760,255	\$3,141,181	\$451,500
Other Objects	\$2,081,687	\$2,002,504	\$2,098,754	\$12,871,196	\$3,240,430	\$4,002,373	\$3,690,124
Non-Capitalized Equipment	\$122,495	\$169,631	\$468,401	\$371,638	\$209,094	\$356,869	\$398,038
Total Expenditures	\$16,357,293	\$18,312,314	\$18,828,469	\$30,346,089	\$27,445,522	\$23,024,655	\$22,089,985

Summary

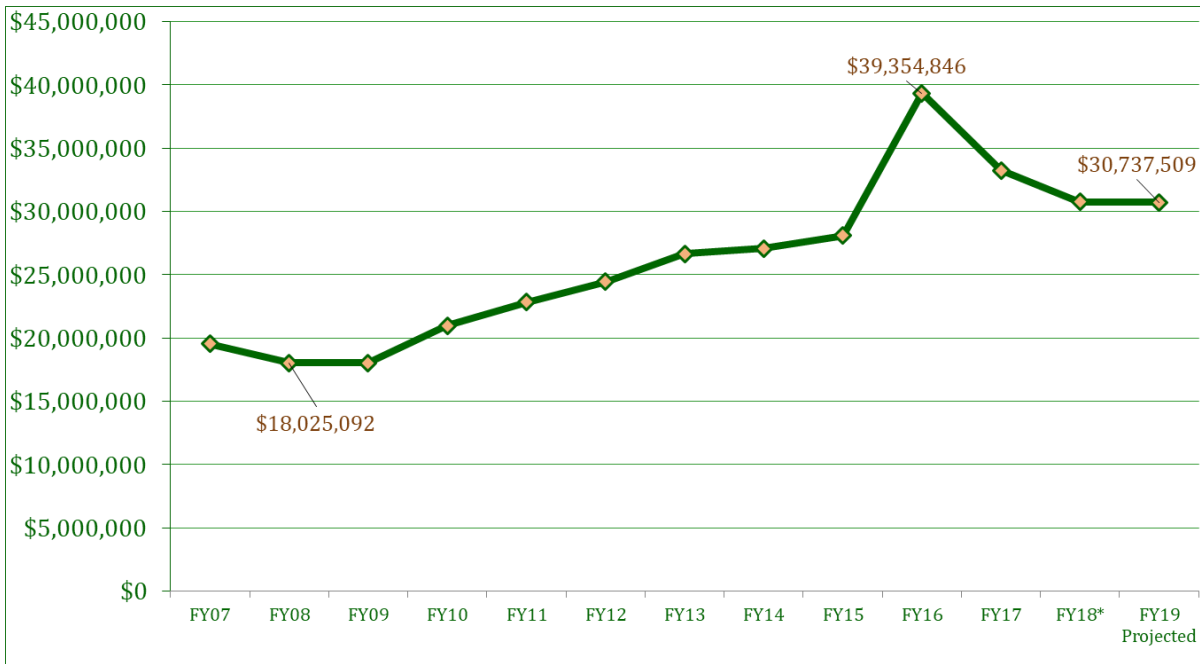
In summary, 2018-19 planned expenditures should exceed revenues and create a deficit of approximately \$957,923. The chart below reflects 2018-19 budget projections and a historical summary of revenues and expenditures dating back to the 2012-13 school year.

Historical and Budgeted Revenues and Expenditures at a Glance



The anticipated June 30, 2019 ending fund balance is \$30,737,509. The graph below reflects the year-end fund balance for more than ten years. Additionally, it shows the anticipated year-end fund balance for June 30, 2019.

**Historical Fund Balances and
Projected Fund Balance for 2017-2018**



A detailed analysis of the budget by Fund is also included for your review and consideration. Questions should be directed to Dr. Ann Williams, Chief Financial Officer for Skokie School District 73½.

Detailed Analysis by Fund

A detailed analysis of each fund is provided before for your review and consideration. It's worth noting that site based reporting was implemented for the 2018-19. This resulted in the reclassification of many items within the budget.

Education Fund

The majority of a district's financial transactions flow through the Education Fund. In 2018-19, revenues for the Education Fund are projected to increase to \$15,174,525 or 16% compared to the prior year. Expenditures for the Education Fund are projected to be \$17,139,875, 9.2% greater than actual year-to-date expenditures for 2017-18. Additional details are outlined below.

Revenues

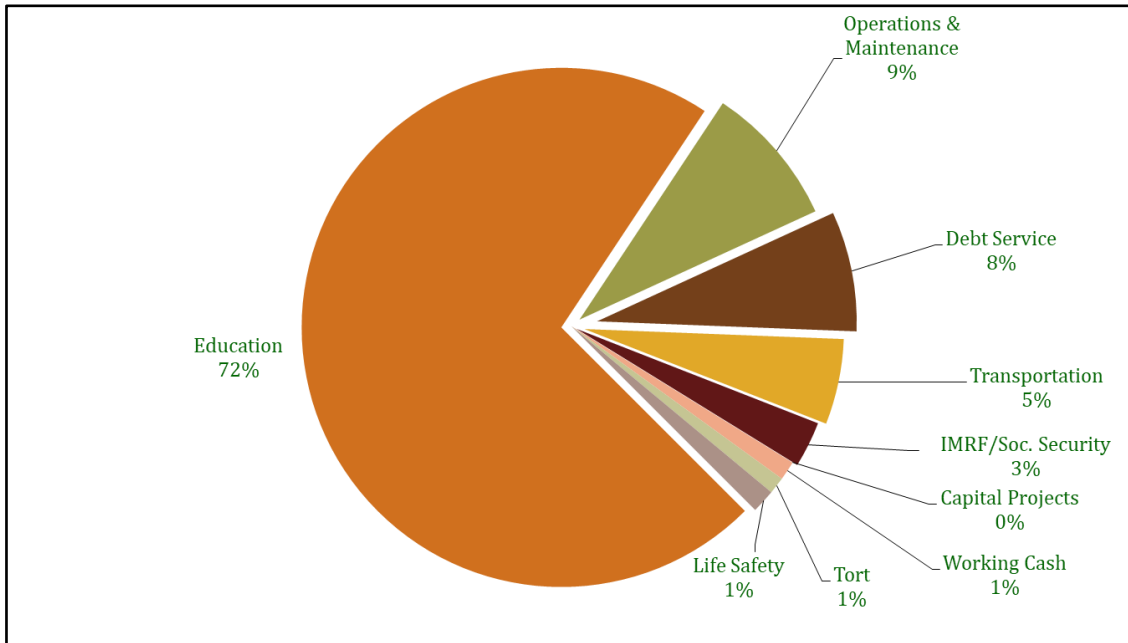
- In 2018-19 the District will receive taxes from the 2017 Levy which is limited by the CPI-U of 2.1%. Local Property Taxes in the Education Fund are projected to increase 22.7% when compared to the prior year, largely due to new legislation that removed the limitation on the Education Fund tax levy. In previous years, average tax collection trends have been 97-98%. For budgetary purposes, a collection rate of 97% will be utilized.
- State funding is budgeted to decrease 15%, largely due to the loss of the Early Childhood grant and the transition to the new Evidence Based Funding (EBF) Model. During 2017-18, the District received EBF and late payments from prior year obligations. The new Evidence Based Funding Model is budgeted at \$1,271,880. As we anticipate that the State will not meet its financial obligations, the budget accounts for a portion of what is promised for the new year and all that is owed from the prior year.
- Federal funding is budgeted to increase 23% over the prior year, but the increase is only due to timing. Allocations for federal grants are often spent well into the first quarter of the new fiscal year. This means that while federal grant revenue awarded to the District for 2018-19 decreased, the actual revenue received may reflect an increase.
- Corporate Personal Property Replacement Taxes (CPPRT) is budgeted to decrease 12%.
- Interest earnings are budgeted to remain flat.

Expenditures

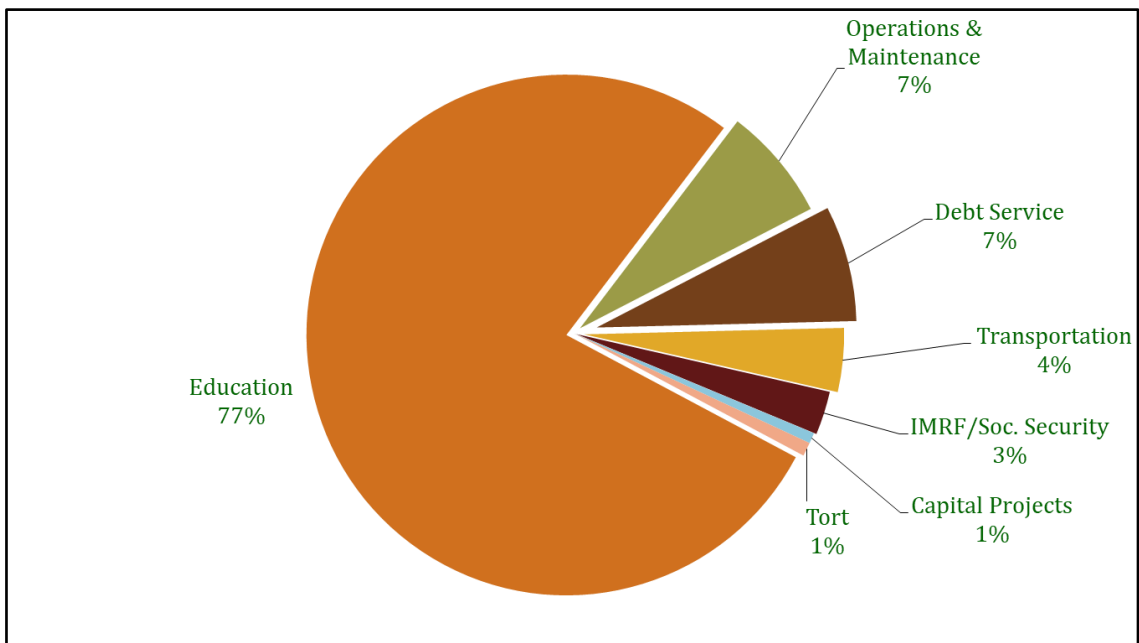
- Teachers will receive an overall average salary increase of 3% in 2018-19.
- Classified staff will receive a 3% increase and Administrators will receive an overall 3% increase in salary. In addition, these employees may receive a discretionary non-compounding bonus based on performance.
- Total benefits are projected to increase 5.8%. This increase is due to increases in tuition reimbursement, pension benefits and reclassification of benefits previously charged to other funds.
- Purchased Services are expected to increase from \$920,444 to \$1,376,973 due to increases in technology, ELL services, professional development, catering and the reclassification of several items.
- Supplies and Materials will increase from \$294,534 to \$465,132 due to instructional supplies including textbooks, assessment materials and consumable supplies.
- Capital Outlay will decrease 3% due to a decrease in capitalized technology equipment

In summary, Education Fund expenditures are expected to exceed revenues by \$1,965,350.

**2018-2019
Anticipated Revenues by Fund**



**2018-2019
Anticipated Expenditures by Fund**



Operations & Maintenance Fund (O&M Fund) and Capital Projects Fund

Operations and Maintenance Fund revenue is estimated to total \$1,868,208 for the 2018-19 school year. Expenditures are anticipated to total \$1,556,210 for the same year. It's worth noting that the O&M budget includes contingencies for an anticipated increase in purchased services for cleaning and capital replacement equipment. As a result, a surplus of \$311,998 is anticipated for the O&M Fund. The Capital Projects Fund expenditures are anticipated to total \$145,000. Revenue projected for the Capital Project Fund is minimal.

Bond & Interest

Revenue for the Bond & Interest Fund is projected to total \$1,577,813, and expenditures are estimated at \$1,587,813. As such, a \$10,000 difference is anticipated. This planned deficit is a result of timing differences between the bond payment schedule and the receipt of local tax revenue.

Transportation Fund

The Transportation Fund is used for expenditures relating to student transportation. Transportation Fund revenues are estimated to decrease substantially from \$3,074,902 to \$1,125,029 due to a reduction in the tax levy. Historically, the District levied larger amounts in the Transportation Fund and transferred revenue to other funds as needed. As a result of new legislation relating to the Education Fund tax levy, that practice is no longer required. Expenditures are anticipated to increase to \$874,283 largely due to reallocation of a portion of instructional aide salaries. As a result, a year-end surplus of \$304,306 is anticipated for the Transportation Fund.

Social Security/IL Municipal Retirement Fund

Expenditures for classified employees pension and social security benefits are paid out of the Social Security/IL Municipal Retirement Fund. Classified employees pay 4.5% of their earnings to the Illinois Municipal Retirement Fund known as IMRF. The District pays IMRF at a rate of 9.16%. Contribution rates are established by the IMRF. Revenue for the 2018-2019 school year is anticipated to total \$603,570 while expenditures are estimated at \$598,304. As such, a year-end surplus of \$5,266 is projected for the Social Security/IMRF Fund.

Working Cash Fund

The Working Cash Fund is utilized as a savings account. Expenditures cannot be charged to this Fund, however when necessary the Fund may be abated or abolished to support operations of other funds. Working Cash revenue for the 2018-19 school year is projected to total \$250,460.

Tort Fund

The Tort Fund provides for liability, security, and safety programs. The budget includes expenses for workers' compensation insurance, liability insurance, and legal costs relating to liabilities, unemployment costs and risk management expenditures. Salaries are not paid through this Fund. Revenue for 2018-19 is projected to total \$222,453 while expenditures are estimated at \$188,500. As such, a year-end surplus of \$33,953 is anticipated for the Tort Fund.

Life Safety

The Life Safety Fund provides for fire prevention, safety, energy conservation or school security purposes. There are no budgeted expenditures for the Life Safety Fund for the 2018-2019 school year.

