



# Budget Hearing



Date: September 20, 2022

# Budget Purpose

## → Budget definition

- ◆ Required by Illinois School Code (105 ILCS 5/17-1)
- ◆ An estimate of revenue and expenditures over a period of time;
- ◆ An administrative tool that serves as a plan of action for achieving quantified objectives;
- ◆ A device for coping with foreseeable adverse situations.

## → Key unknown variables **not** in the budget that hold potential material downside risk include, but are not limited to:

- ◆ Pandemic (coronavirus);
- ◆ Legislative changes in school funding formulas;
- ◆ Changes to PTELL (Tax Cap);
- ◆ TRS cost shift to District;
- ◆ State and federal budgetary cuts or payment delays.



# Budget Calendar

## → January to June

- ◆ Major staffing decisions
- ◆ Strategic planning with administrators/directors

## → July to September

- ◆ Tentative budget
- ◆ Notice of public hearing and display
- ◆ Public hearing and recommendation to approve - ***Tonight***

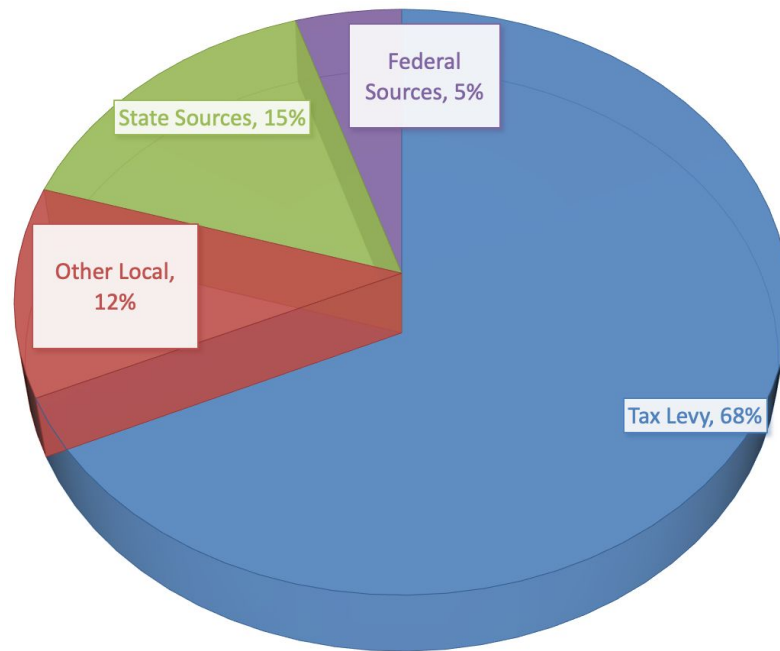
## → October to December

- ◆ Annual audit
- ◆ Comprehensive annual financial report
- ◆ 5-year financial projections
- ◆ Tax levy



# Revenue by Source

Excludes Internal Fund Transfers and Non-Cash TRS In-Kind Adjustments

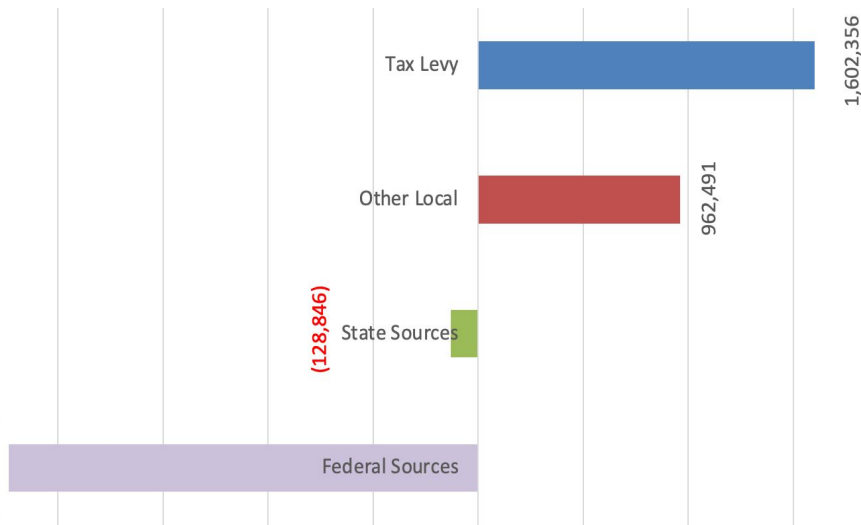


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# Revenue Projections

Current Fiscal Year Budget Compared to Preliminary Prior Year Actual Results

**FISCAL 22/23 BUDGETED REVENUE: \$115MM; INCREASE OF \$200K OR 0.2%**



## Key Y/Y variance drivers:

### Local property tax revenue: +\$1,602K

- Tax Year 2021: PTELL +1.4% & new property less (\$1.2MM) abatement;

### Other local revenue: +\$962K

- GASB 84: +\$0.9MM primarily additionally fiduciary/student activities collections;
- Other: +\$1.0MM return to paid meal service, advertising & interest income;
- CPPRT: (\$1.0MM) return to pre-pandemic levels;

### State revenue: (\$129K)

- EBF: +\$0.4MM add'l allocations for Tier II districts;
- Other: (\$0.5MM) reduced transportation reimbursement;

### Federal revenue: (\$2.236K)

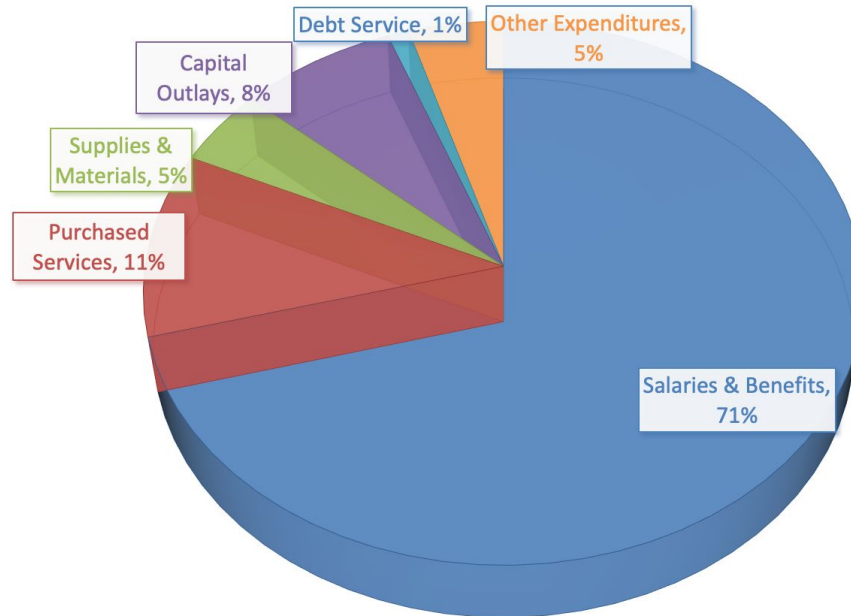
- SFSP: (\$2.8MM) elimination of free pandemic food services;
- Other: +\$0.6MM IDEA ARP, ESSER, community partnerships, Advance McHenry County grants.



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# Expenditures by Object

Excludes Internal Fund Transfers and Non-Cash TRS In-Kind Adjustments

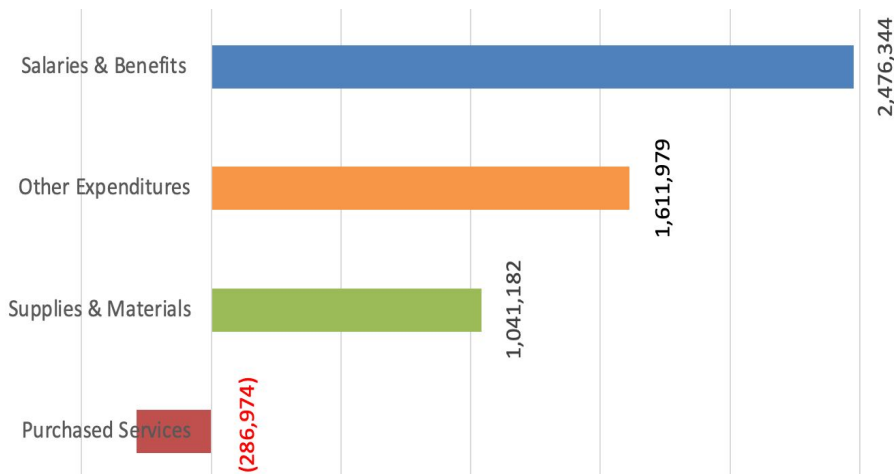


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# Expenditure Projections (1 of 2)

Current Fiscal Year Budget Compared to Preliminary Prior Year Actual Results

**FISCAL 22/23 BUDGETED EXPENDITURES: \$116MM; INCREASE OF \$7.9MM OR 7.3%**



## Key Y/Y variance drivers for *Operating Expenditures*:

### Salaries & benefits: +\$2.476K

- FTEs: net reduction of (7) positions;
- Salaries: +\$1.7MM or 2.9% for contract increases partially offset by FTE decr.;
- Benefits: +\$0.7MM or 3.7% for contract increases partially offset by FTE decr.;

### Other operating expenditures: +\$1.612K

- GASB 84: +\$0.9MM primarily additionally fiduciary disbursements;
- Other: +\$0.7MM private facilities & gen'l inflationary increases;

### Supplies & materials: +\$1.041K

- Energy contracts: +\$0.5MM inflationary increases for gas & electric;
- Other: +\$0.5MM textbooks, theater production & gen'l inflationary increases;

### Purchased services: (\$287K)

- Food services: (\$1.0MM) return to pre-pandemic meal levels;
- Other: +\$0.7MM for transportation services (inflationary/pre-pandemic levels), learning loss recovery, partially offset by lower athletic training services.



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# Expenditure Projections (2 of 2)

Current Fiscal Year Budget Compared to Preliminary Prior Year Actual Results

FISCAL 22/23 BUDGETED EXPENDITURES: \$116MM; **INCREASE OF \$7.9MM OR 7.3%**

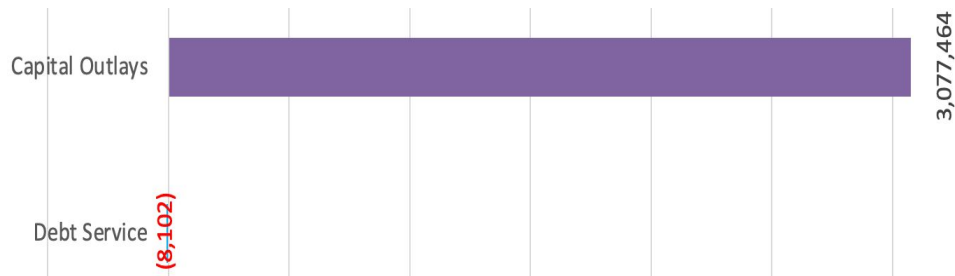
## Key Y/Y variance drivers for *Non-operating Expenditures*:

Capital outlays: +\$3.077K

- 2022 & 2023 summer projects are included on an accrual basis in the amount of **\$8 million**. These projects will be funded at no additional costs to taxpayers through Evidence-Based Funding, Elementary and Secondary School Emergency Relief Fund, and fund balance transfers.

Debt service: (\$8K)

- Savings associated with the recently restructured General Obligation Bonds. These savings coupled with the Board's decision to abated its 2022 debt service levy **saved taxpayers \$1,200,000** and will result in an operating fund transfer to fund its FY23 debt service payments.



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# Proposed Budget - Summary

Excludes Internal Fund Transfers and Non-Cash TRS In-Kind Adjustments

<b>REVENUE:</b>	
Local	\$ 91,206,535
State	14,587,036
Federal	3,708,479
<b>TOTAL REVENUE</b>	<b>109,502,050</b>
<b>EXPENDITURES:</b>	
Salary & Benefits	82,169,694
Other	24,840,314
<b>TOTAL EXPENDITURES</b>	<b>107,010,009</b>
<b>SURPLUS (DEFICIT)</b>	<b>2,492,041</b>
<b>OTHER FINANCING USES:</b>	
Debt Service	(1,221,635)
Capital Projects: revenue alloc.	5,156,560
Capital Projects: expenditures	(8,149,978)
<b>TOTAL OTHER FINANCING USES</b>	<b>(4,215,053)</b>
<b>SURPLUS / DEFICIT INCL. OTHER FIN. SOURCES</b>	<b>(\$1,723,012)</b>



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# Proposed Budget - Version Control

Excludes Internal Fund Transfers and Non-Cash TRS In-Kind Adjustments

FY23 Budget		
Description	Surplus (Deficit)	Key Variance Drivers
Tentative Budget	\$ (1,139,794)	
Total Revenue Updates	(22,877)	
<b>Key Expenditure Updates:</b>		
Salary & benefits	(87,728)	Updated to actual new employee contracts & benefit elections
Purchase services	(52,965)	Largely new FCC pandemic fund to enhance connectivity
Supplies & materials	(51,000)	Largely enhanced safety & security & new advertising program
Capital expenditures	(305,000)	Largely projected capital inflationary increases
Non-capital expenditures	(63,649)	Largely new FCC pandemic fund to enhance connectivity
Total Expenditure Updates	(560,341)	
Proposed Budget	\$ (1,723,012)	



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# Potential Legislation and Other Assumptions

## The following unknowns are not included in the financial forecast:

- Property tax freeze / property tax levy decrease referendum
  - ◆ -1.0% of CPI is approximately \$790,000 per year
- TRS pension cost shift
  - ◆ -1.0% of TRS salaries is approximately \$460,000 per year
- Changes to distribution of state revenue
  - ◆ FY23 budgeted state revenues = \$17,590,000
  - ◆ State revenue is 15% of current budget



# Board Fund Balance Policy 4:20

Excludes Internal Fund Transfers and Non-Cash TRS In-Kind Adjustments

	FY22 Preliminary & Unaudited Balances				FY23 Projected Balances			
	Cash and Investments	Net Taxes Levied For Future Period	GASB Accrual Adjustments	Fund Balances	Budgeted Excess/(Deficit)	Fund Balances	Budgeted Revenue	
<b>COVERED FUNDS:</b>	<i>a</i>	<i>b</i>	<i>c</i>	<i>a + b + c = d</i>	<i>e</i>	<i>d + e</i>		
Educational (Fund 10)	76,180,767	(36,322,818)	(7,412,693)	32,445,256	1,340,369	33,785,625	91,985,852	
Operations & Maint.(Fund 20)	7,000,390	(2,910,263)	(268,006)	3,822,121	364,475	4,186,596	8,374,950	
Transportation (Fund 40)	4,035,558	(814,732)	(378,887)	2,841,940	(411,858)	2,430,082	4,242,248	
Working Cash (Fund 70)	2,146,732	0	0	2,146,732	11,000	2,157,732	11,000	
<b>Subtotal: Covered Funds</b>	<b>89,363,448</b>	<b>(40,047,813)</b>	<b>(8,059,586)</b>	<b>41,256,050</b>	<b>1,303,986</b>	<b>42,560,036</b>	<b>104,614,050</b>	<b>A/B</b>
<b>NON-COVERED FUNDS:</b>								
Debt Service (Fund 30)	162,755	0	0	162,755	(100,000)	62,755	1,000	
IMRF & Soc. Sec. (Fund 50)	1,687,694	(781,083)	(308,160)	598,451	66,420	664,871	2,688,000	
Capital Project (Fund 60)	9,748,950	0	(1,326,126)	8,422,824	(2,993,418)	5,429,406	5,156,560	
Student Activities (GASB 84)	1,054,386	0	(1,447)	1,052,938	0	1,052,938	2,200,000	
<b>Subtotal: Non-covered Funds</b>	<b>12,653,784</b>	<b>(781,083)</b>	<b>(1,635,733)</b>	<b>10,236,968</b>	<b>(3,026,998)</b>	<b>7,209,970</b>	<b>10,045,560</b>	
<b>TOTAL</b>	<b>102,017,232</b>	<b>(40,828,896)</b>	<b>(9,695,319)</b>	<b>51,493,017</b>	<b>(1,723,012)</b>	<b>49,770,006</b>	<b>114,659,610</b>	
<b>Budgeted Ending Covered Fund Balances as a % of Revenue:</b>							<b>41%</b>	<b>A/B</b>

Board Fund Balance Policy 4:20: The School District seeks to maintain a year-end fund balance to revenue ratio of no less than 30-35 percent, as calculated under the ISBE's *School District Financial Profile*. Calculation covers only Funds 10, 20, 40, 70 + (50 & 80 if negative.) D155 does not maintain a Tort Immunity Fund 80.



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# Key Takeaways

- 1** **Balanced Operating Budget**  
Operating revenues are budgeted to **exceed** operating expenditures 2022-2023!
- 2** **Fiscally Responsible**  
D155 is presenting a balanced budget, **"in the black"** before one-time uses, for the 8th consecutive year!
- 3** **Taxpayers Savings**  
Debt service abatement of **\$1.2 million** to our valued taxpayers!



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# Budget Hearing





**INSPIRE. EMPOWER. NURTURE.**

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# Community High School District 155



Adam Guss  
President



Jason Blake  
Vice President



Amy Blazier



Tom Vaclavek



Ron Ludwig



Nicole Pavoris



Dave Secrest

