Lemont Township High School District 210

Financial Analysis Presentation

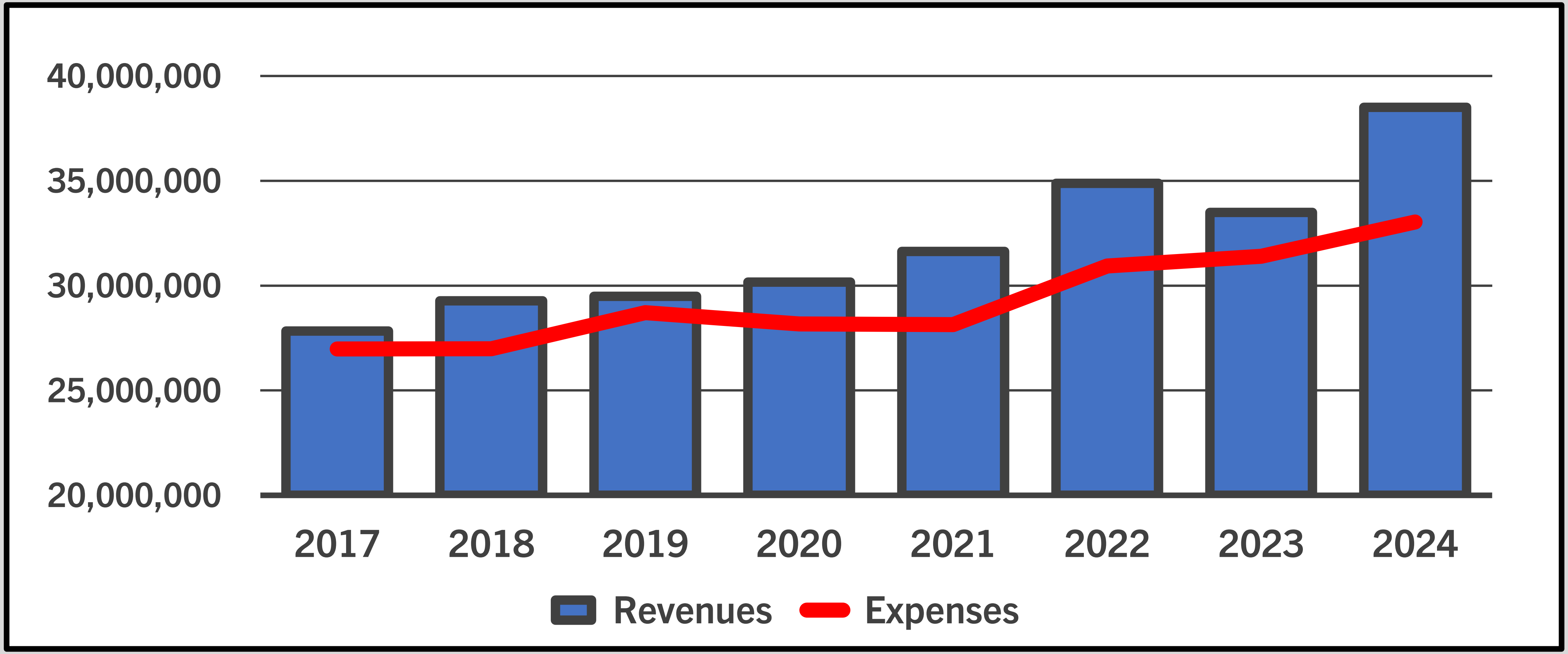
March 2025

Illuminate

Historical Financial Summary

Audited Revenues and Expenses

Excluding Activity Related to Major Capital Projects

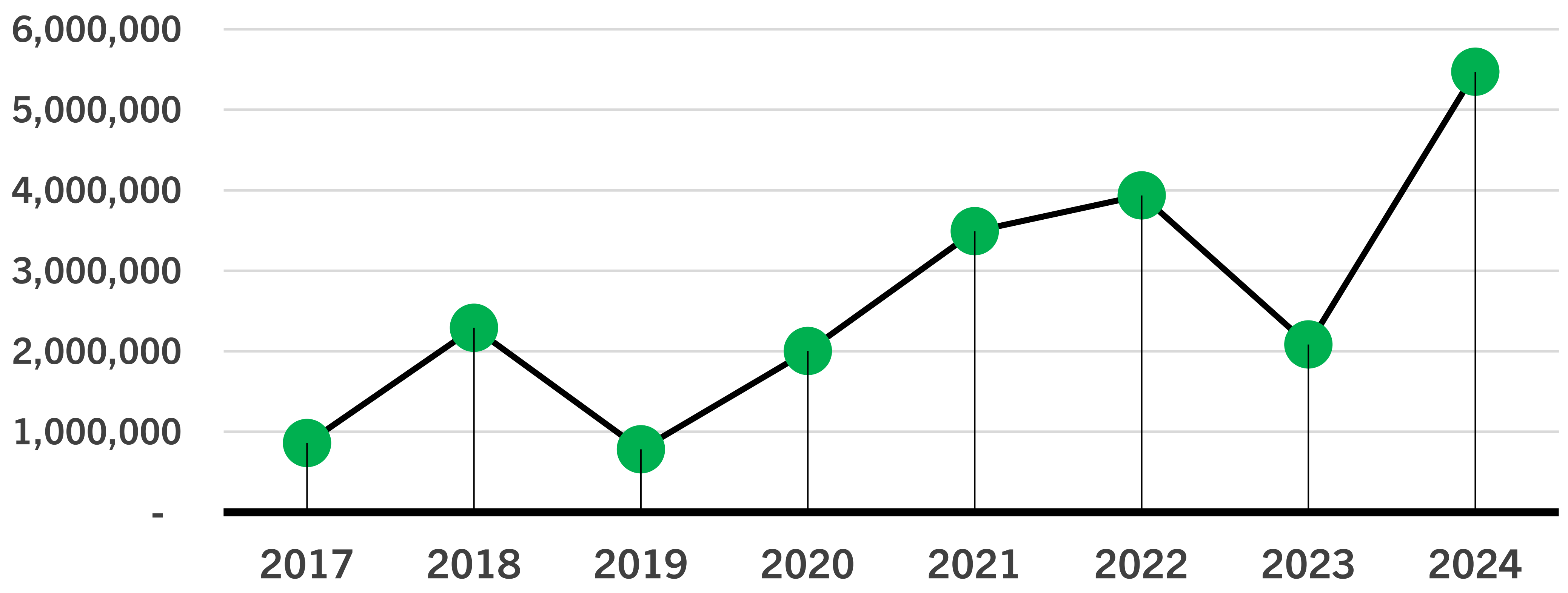


4.7% Compound Annual Growth Rate – Revenues

2.9% Compound Annual Growth Rate – Expenses

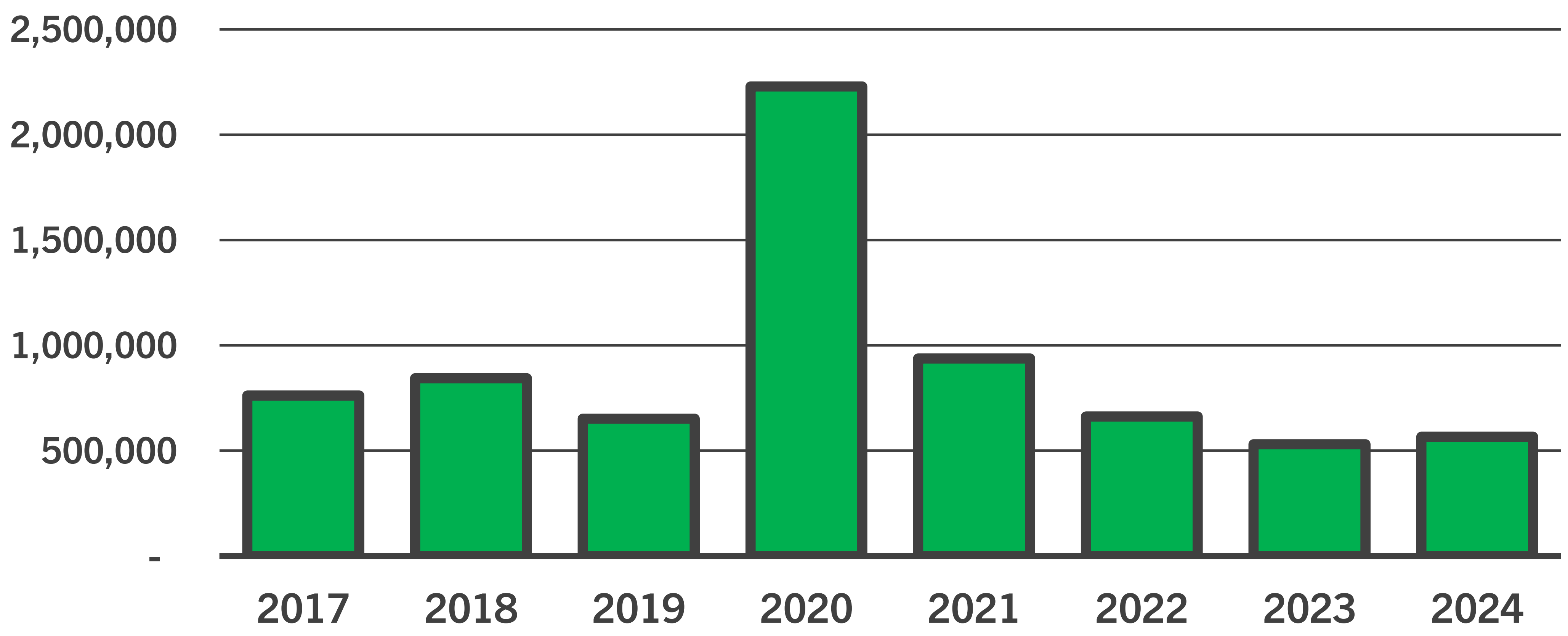
Annual Revenues vs. Annual Expenses

Excluding Activity Related to Major Capital Projects

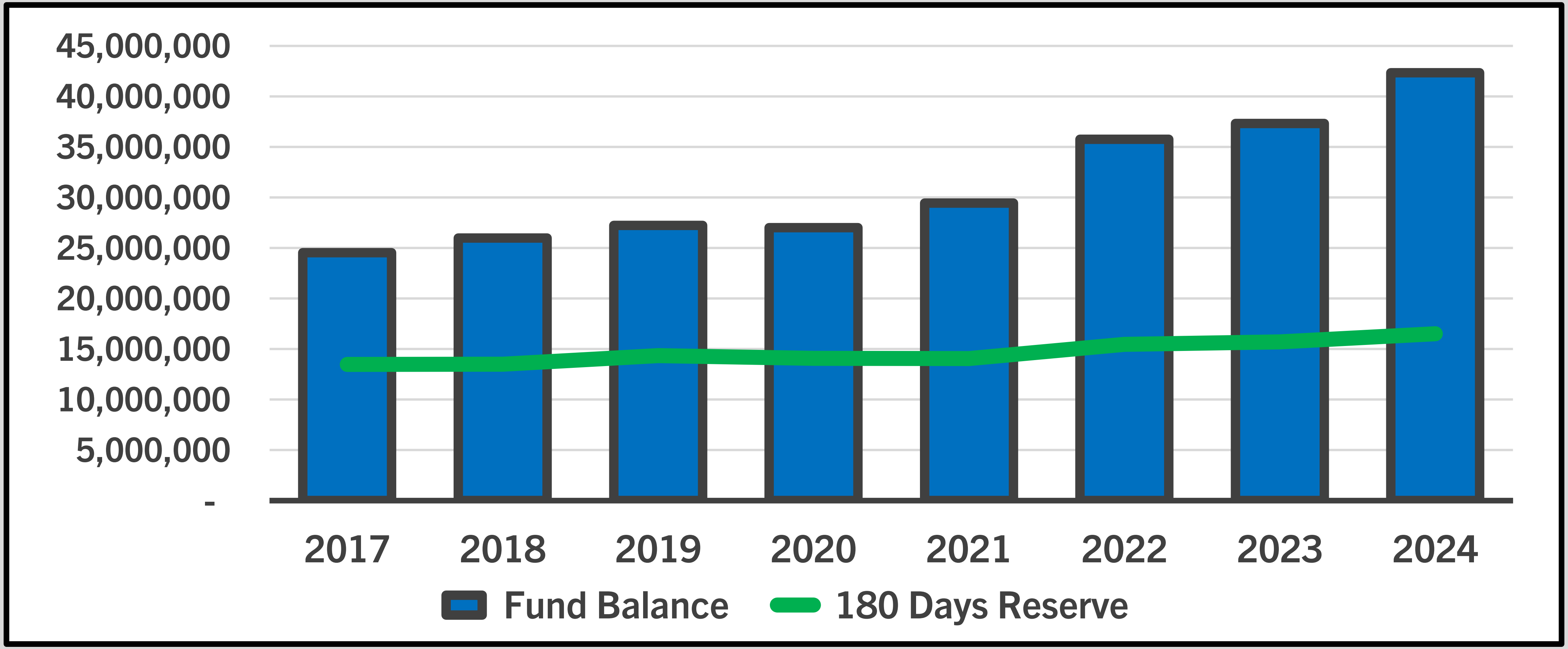


Over the past eight fiscal years, total operating fund revenues have exceeded total operating fund expenditures by $20.9 million.

Major Capital Investment



End of Fiscal Year Fund Balances
All Funds



D210's fund balance policy establishes a fund balance minimum target of 180 days of expenditures. ISBE also requires 180 days to receive highest designation on financial profile rubric.

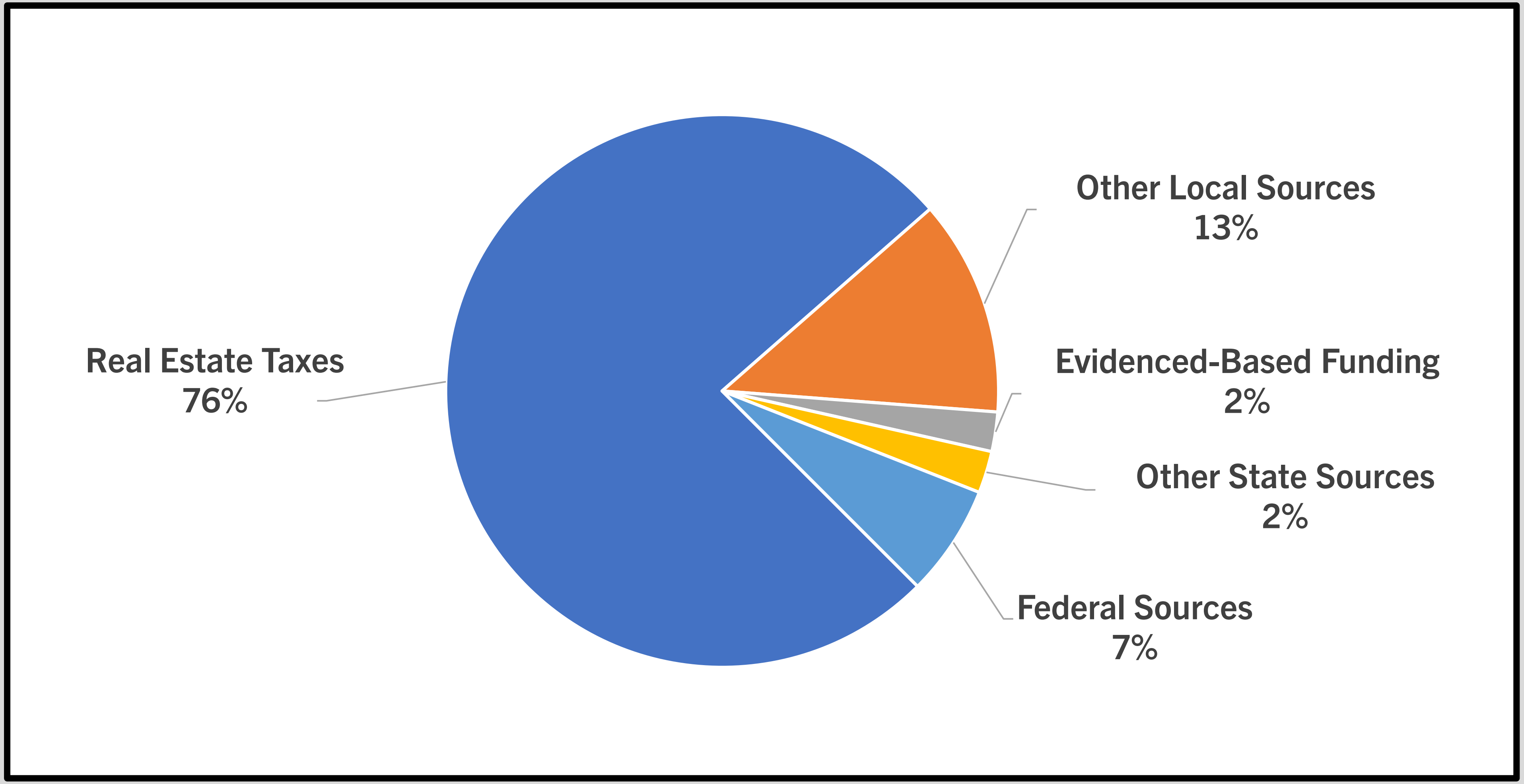
Financial Forecast

Future Financial Headwinds Anticipated to Impact Illinois School Districts Over the Next Several Years

Real estate tax revenue growth in tax-capped school districts are expected to decrease dramatically as CPI growth (inflation) declines.
ESSER funds, which have been a valuable source of fiscal stability for both school districts and the State, have dried up. Will this impact future State funding?
Corporate personal property tax revenues will have declined over 60% since FY23 as the IDOR adjusts for its prior period error.
Interest earnings are expected to decline as the Federal Reserve lowers rates.
Expenses tied to labor intensive areas of budget (i.e. collective bargaining agreements and special education) have been increasing above historical averages.

Composition of Revenues – FY 2024

Real Estate Taxes Comprise 76% of District Revenues



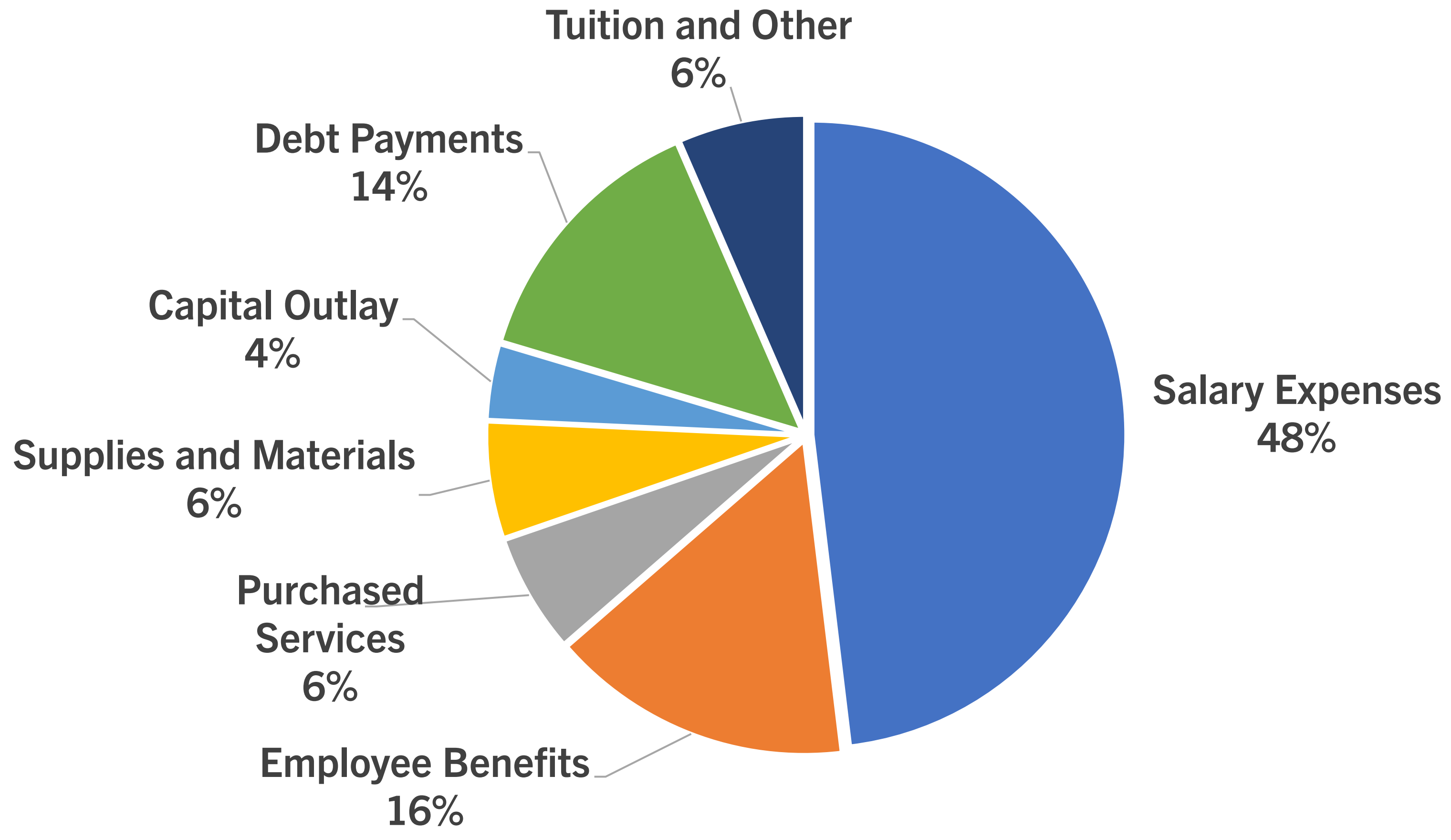
Major Projection Assumptions - Revenues

- Real estate tax revenue growth will be tied to inflation levels as follows: 2024 levy (3.4%), 2025 levy (2.9%) and then projected at historical average CPI growth rate (2.4%) thereafter.
- DuPage County's 2024 tax extension will include a negative adjustment of $1.6 million as the County extended 27% of total 2023 extension to DuPage County as an estimate, the actual allocation percentage should have been 21.5%
- Interest earnings are expected to decrease based on assumption that the Federal Reserve will lower interest rates during the projection period.
- Evidenced-Based Funding dollars will be flat during projection period.
- The District will continue to receive Federal Impact Aid at $925,000 per year.
- Other State and Federal grant revenue growth will be flat.

Impact of Revenue Assumptions: Total revenues are projected to increase at an average annual rate of 1.4% during the projection period.

Composition of Expenditures – FY 2024

Employee Salary and Benefits Comprise 64% of District Expenditures



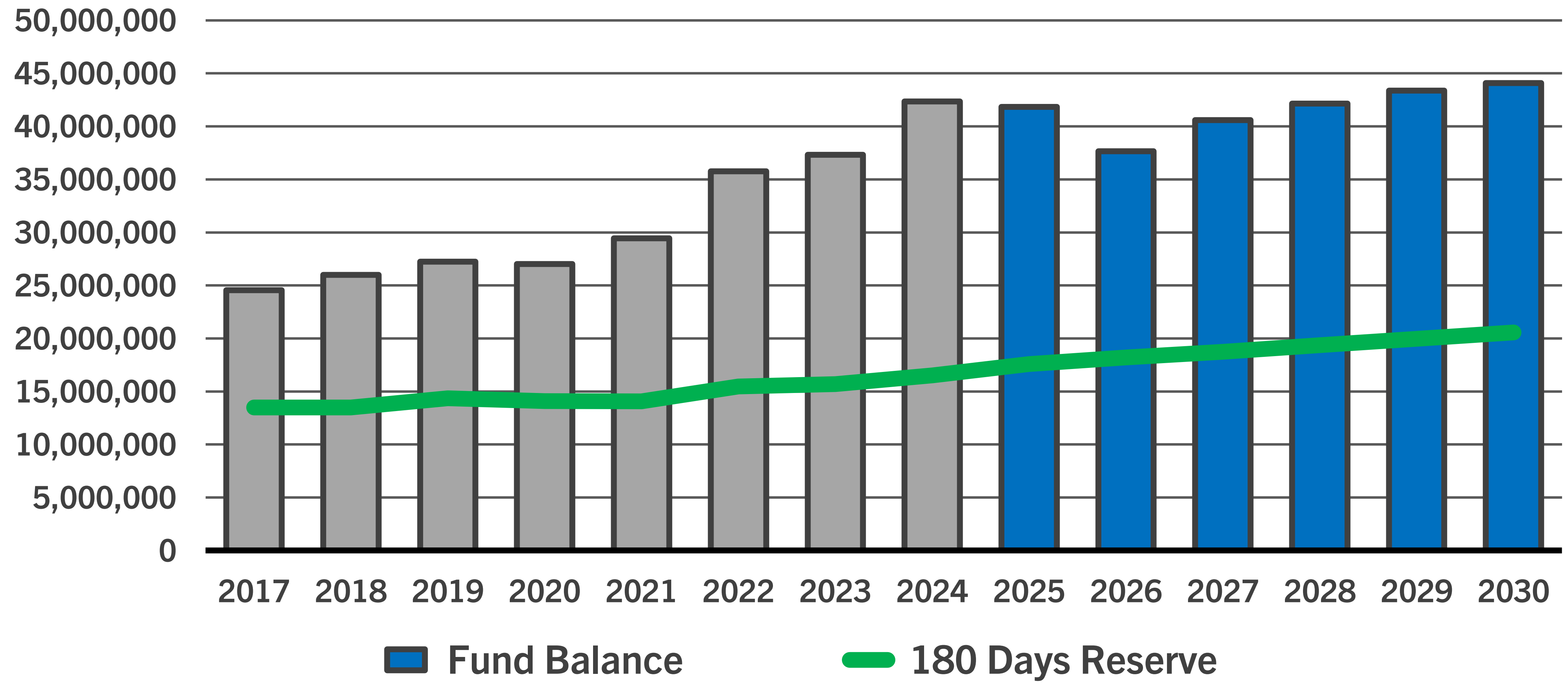
Major Projection Assumptions - Expenditures

- Salary expenses are projected to increase on average 3.9% annually during the projection period based primarily on current labor agreements, projected raises and savings from retirements. FTE is projected to be flat during the projection period.
- Employee benefit expenses are projected to increase 5% annually. This increase will be partially offset by a $150,000 savings in health insurance premiums in FY26.
- Out-of-District tuition expenses are projected to increase $50,000 annually.
- The District will invest a total of $6.8 million into major capital projects in FY25 and FY26. No additional major capital projects are contained within the projection model.
- The District will average $500,000 annually on building improvements not included in major capital projects listed above.
- The District will spend $500,000 annually on technology and other equipment purchases.
- All other expenses will increase approximately 3% annually.

Impact of Expenditure Assumptions: Total revenues are projected to increase at an average annual rate of 3.7% during the projection period.

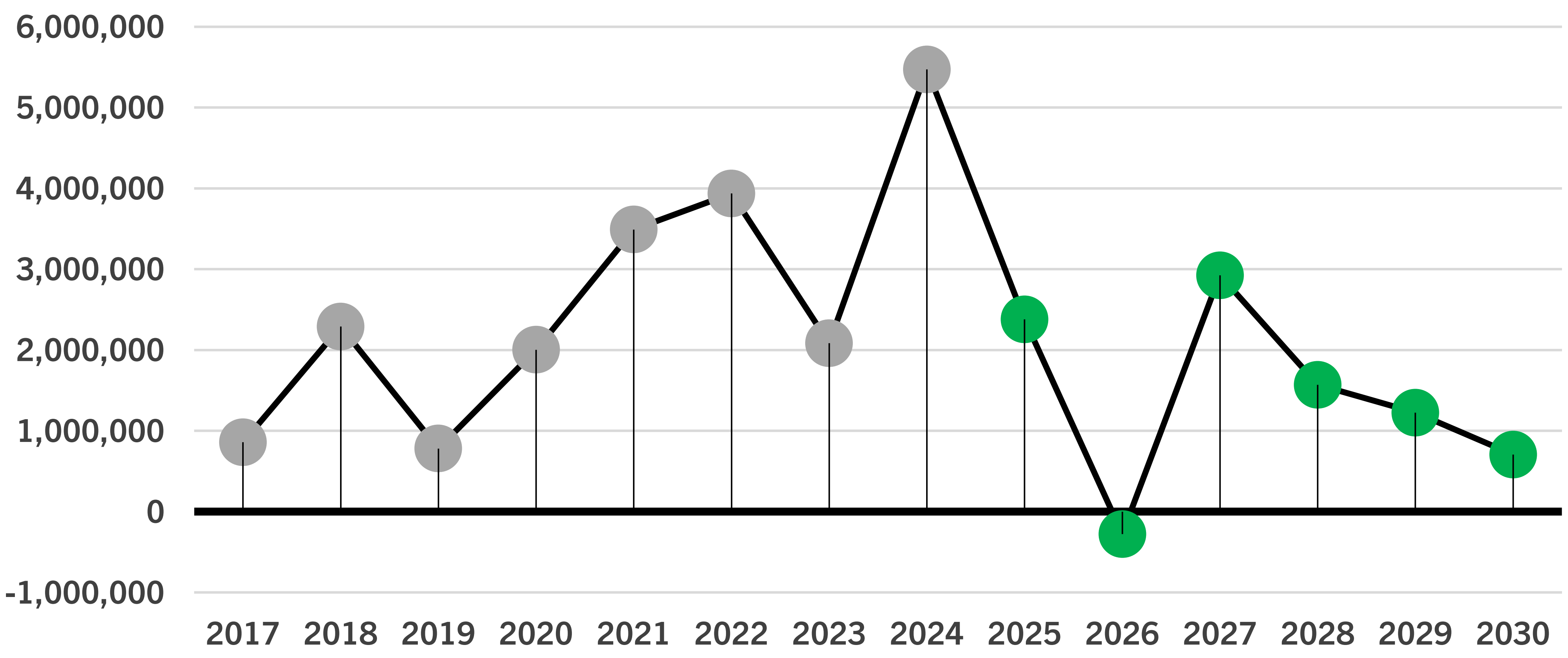
Projected End of Fiscal Year Fund Balances

Excluding Capital Reserve



Projected Revenues vs. Projected Expenses

Excluding Capital Activity (Fund 60)



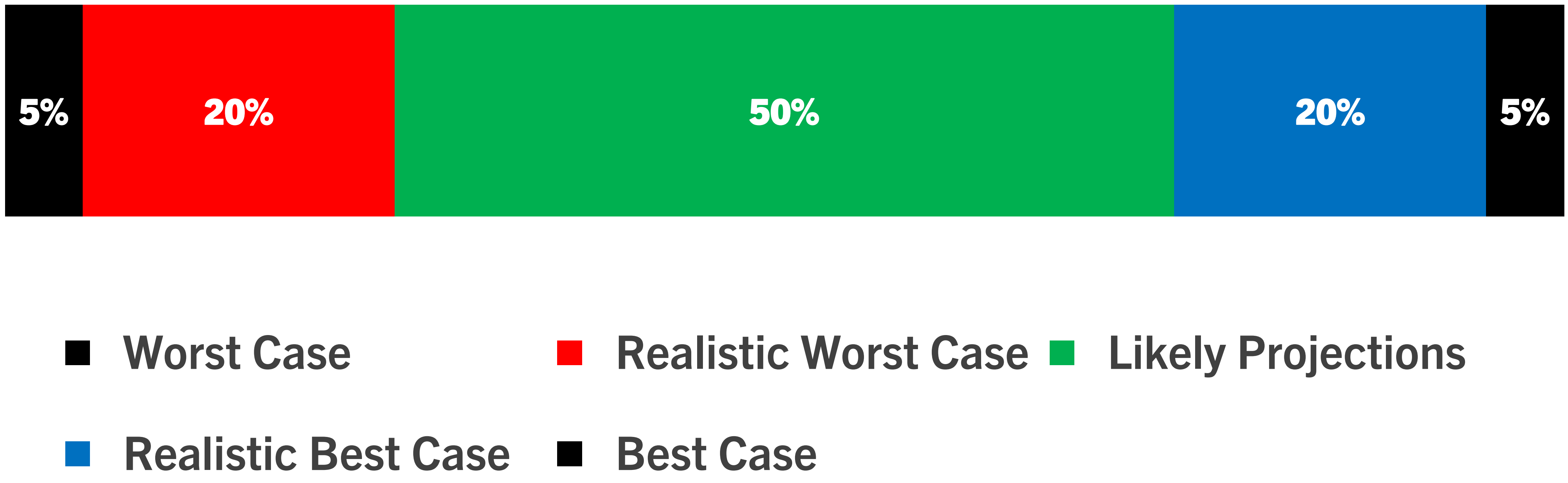
Impact of Financial Projections on Fund Balances

Fiscal Year	Non-Capital Rev. vs. Exp.	Major Capital Expenses	Other Sources	Ending Fund Balance	Days of Cash on Hand
2024				$ 42,361,000	462
2025	$ 2,378,000	$ (2,900,000)	-	41,839,000	428
2026	(278,000)	(3,900,000)	-	37,661,000	372
2027	2,925,000	-	-	40,586,000	390
2028	1,570,000	-	-	42,156,000	392
2029	1,225,000	-	-	43,381,000	391
2030	706,000	-	-	44,087,000	386
Total	$ 8,526,000	$ (6,800,000)	-		

Based on current projections, total fund balances will increase approximately $1.7 million during the projection period due to fund balance contributions to the major capital project exceeding projected surplus.

Projection Probability Matrix

Developing Projections Using Multiple Realistic Scenarios



Alternate Projection Scenarios

Assuming No Federal Impact Aid Loss

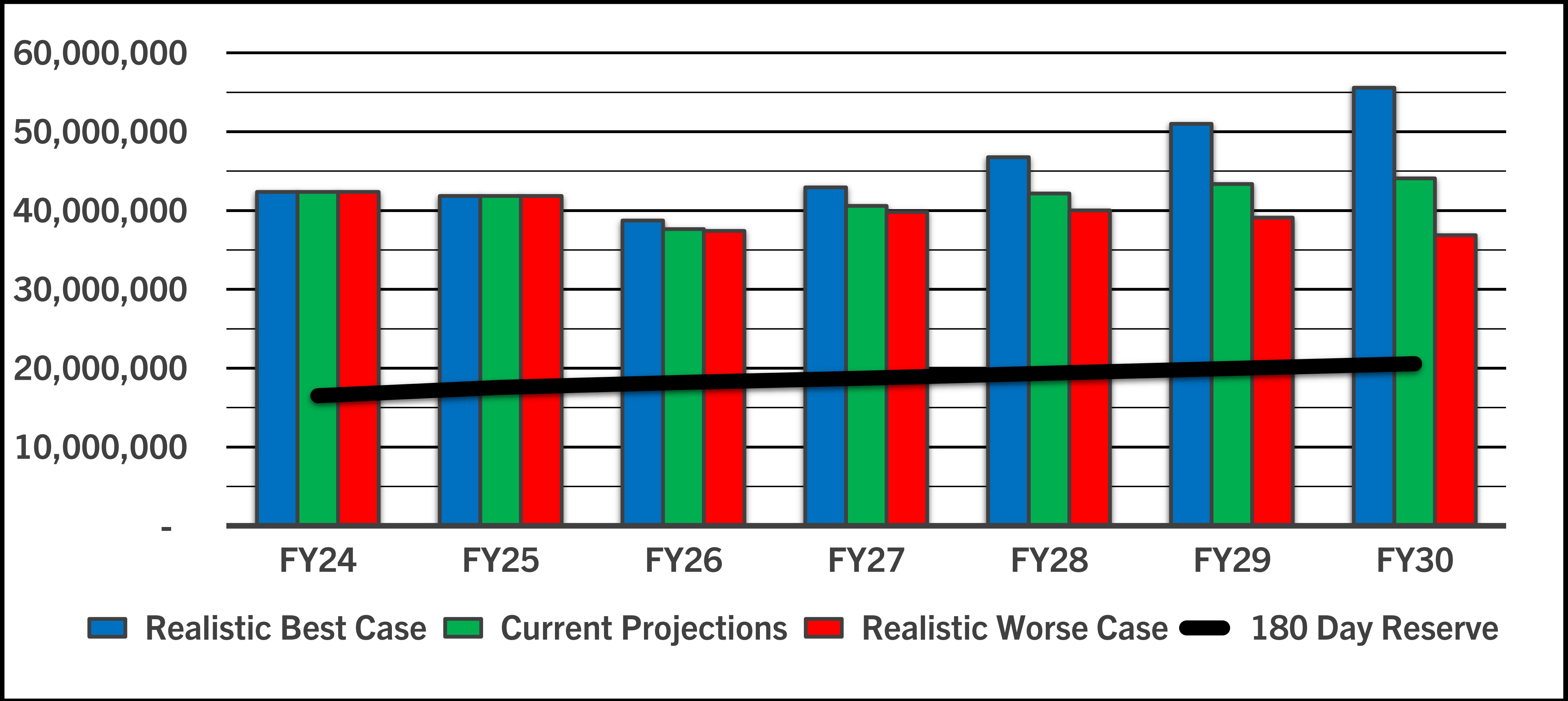
Realistic Worst-Case Scenario

- The consumer price index tied to tax extension growth will drop to 1.4% (versus the 2.4% projection rate) beginning in the 2026 levy year.
- Out of District tuition expenses will continue to grow $50,000 annually (versus $25,000 projection level) beginning in FY 2026.
- Non-salary expenditure growth will exceed projected growth levels by one percent.

Realistic Best-Case Scenario

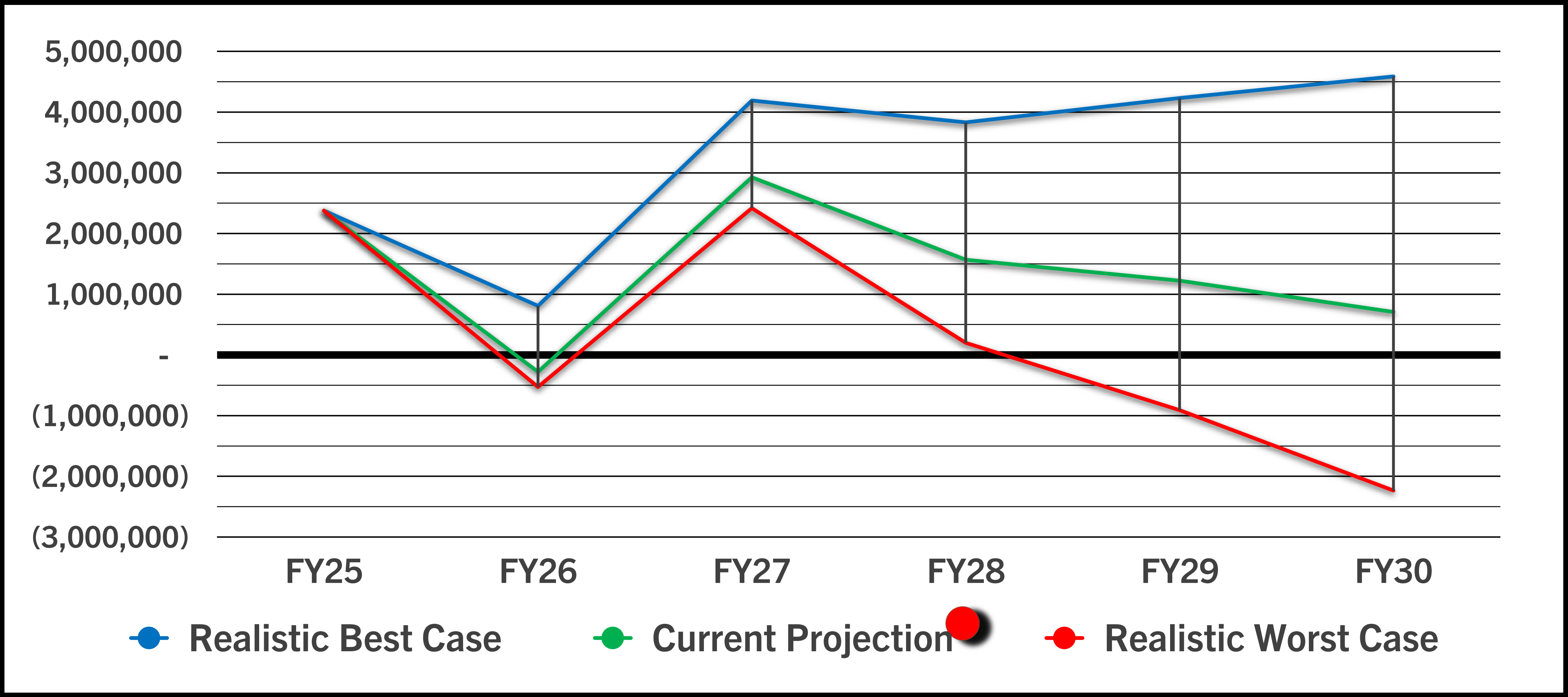
- The consumer price index tied to tax extension growth will remain high at 3.0% due to inflationary pressures within the economy beginning in the 2026 levy year.
- Out of District tuition expense growth will be flat after the 2025 fiscal year.
- Non-salary expenditure growth will be below projected growth levels by one percent.

The Projection Zone – Fund Balances



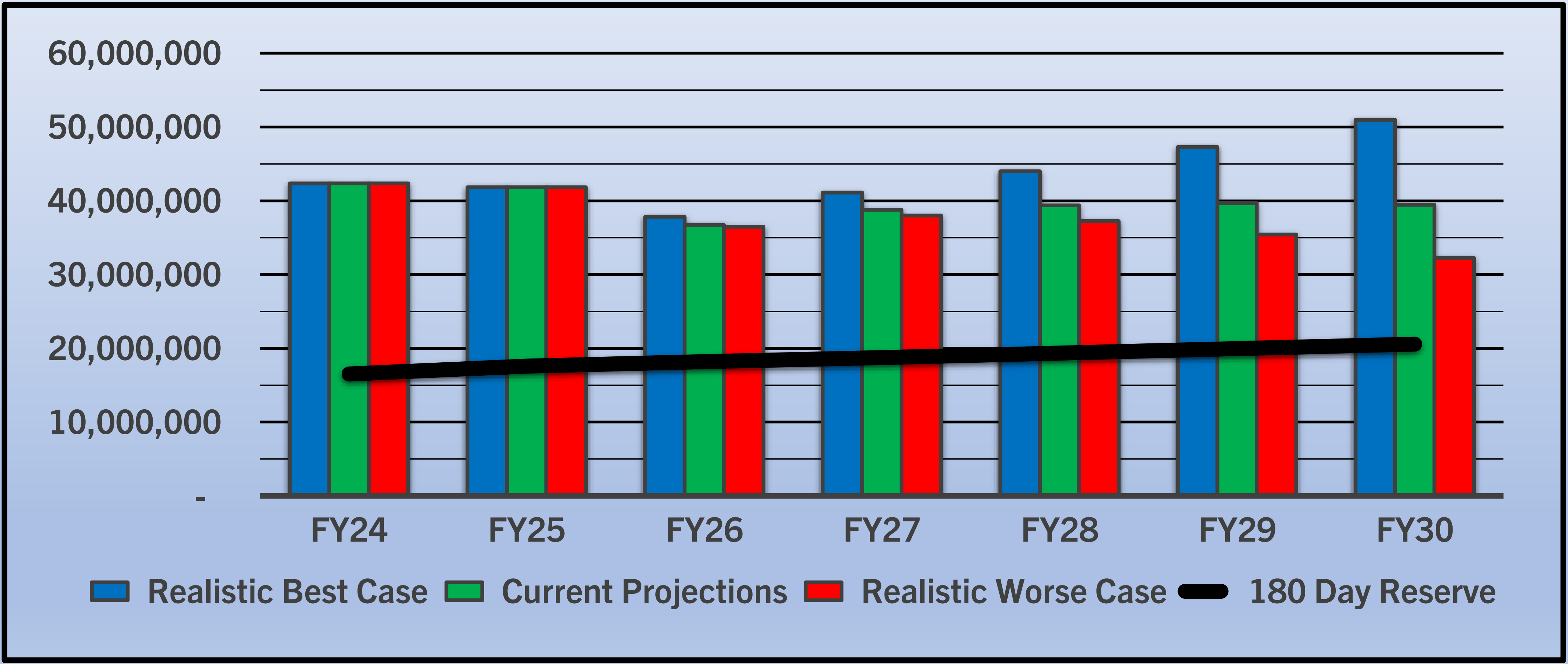
The Projection Zone

Projected Revenues vs. Expenses (Excluding Major Capital Projects – Fund 60)



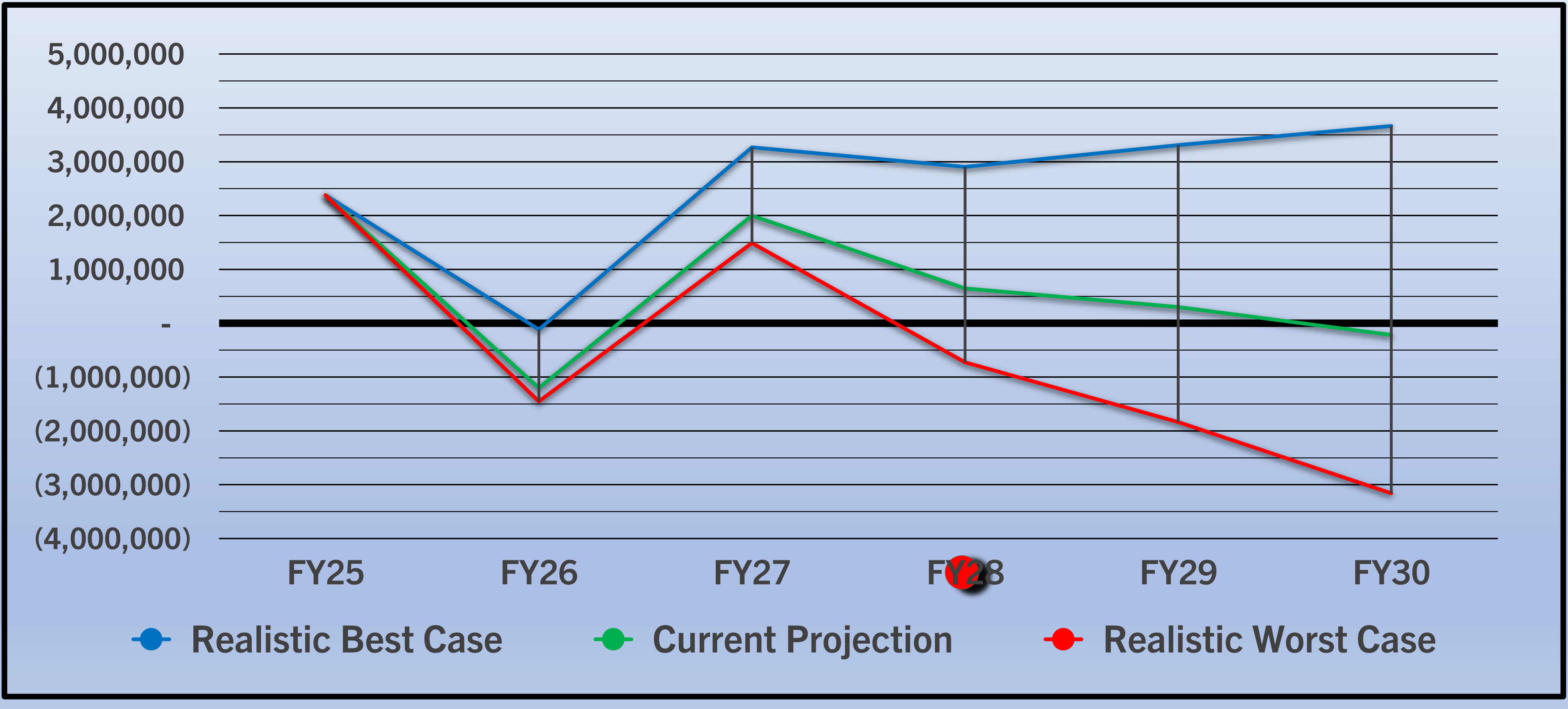
The Projection Zone – Fund Balances

Assuming Loss of Federal Impact Aid Beginning in FY26



The Projection Zone – Revenues vs. Expenses

Assuming Loss of Federal-Aid Beginning in FY26



Observations and Recommendations

Observations

- The District has successfully maintained annual surplus budgets during the historical period analyzed (FY 2017 – FY 2024).
- Annual surpluses and other sources have resulted in fund balance reserves increasing by $20.9 million during the historical period analyzed.
- Primarily due to expected declines in inflation, which is the primary driver of revenue growth, annual revenue growth is projected to decline to 1.4% versus the historical average (2017-2024) of 4.7%.
- Expenditure growth is expected to increase at an average annual rate of 3.7%, which is about 0.8% above historical expenditure growth rate averages.
- With annual expenditure growth projected to exceed annual revenue growth, it is projected that the annual surpluses will shrink throughout the projection period, but remain surpluses.
- Based on current projections, fund balance reserves are projected to continue to grow, despite investing $6.8 million in major capital projects during the projection period.

Recommendations

- Annually match expenditure growth with revenue growth.
- Consider regularly updated projections when making financial decisions to ensure long-term fiscal stability.
- Options for Future Capital Projects
  - Do not expend fund balance reserves on capital projects beyond summer 2025 until DSEB borrowing window is available in 2027/2028.
  - Proceed with design of remaining second floor renovation, seek bids in fall 2025, then decide whether to expend fund balance in 2026 or postpone the project until DSEB borrowing window becomes available.

End of Presentation

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