

Geneva Community Unit School District No. 304

Management's Discussion and Analysis

For the Year Ended June 30, 2025

The discussion and analysis of Geneva Community Unit School District 304's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2025. Management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior year is required to be presented in the Management's Discussion and Analysis (the "MD&A"), however not in the initial year of implementation.

Financial Highlights

- As of June 30, 2025, the District fund balance totaled \$75,121,948. Of this amount, \$55,566,209 may be used to meet the District's general ongoing future obligations in the general fund.
- As of June 30, 2025, the District's total fund balance decreased by \$7,306,425 from the previous fiscal year.
- As of June 30, 2025, the District's operating funds, which include all governmental funds except the debt service fund, showed a fund balance of \$66,175,062 or 88.1% of the operating fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

This report also contains other required supplementary information in addition to the basic financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets plus deferred outflows and liabilities plus deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position are reported as the underlying event giving rise to the change occurring, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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The government-wide financial statements present the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The District has no business-type activities, that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges. The District's governmental activities include instructional services (regular education, special education and other), supporting services, operation and maintenance of facilities, and transportation services.

Fund financial statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds (the District maintains no proprietary funds).

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a school district's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the District's major funds. The District considers the General Fund (Educational, Operations and Maintenance, Working Cash and Tort Immunity Accounts) and Debt Service Funds to be the Major Funds. Detail of the District's non-major funds (Transportation, Municipal Retirement/Social Security, Capital Projects and Fire Prevention & Safety) can be found in the "Combining and Individual Fund Financial Statements and Schedules" portion of the report.

The District adopts an annual budget for each of the funds listed above. A budgetary comparison schedule has been provided for each fund to demonstrate compliance with this budget.

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Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the school district. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that for the government-wide financial statements. The District's fiduciary funds are comprised of scholarship accounts.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

District-Wide Financial Analysis

Table 1			
Condensed Statement of Net Position			
(in millions of dollars)			
	2025	2024	% Increase (Decrease)
Current and other assets	\$ 132.3	\$ 140.1	-5.6%
Capital assets	103.3	105.1	-1.7%
Total assets	235.6	245.2	-3.9%
Deferred amount on refunding	4.0	4.7	-14.9%
Deferred outflows related to pensions/OPEB	5.3	7.5	-29.3%
Total deferred outflows	9.3	12.2	-23.8%
Long-term debt outstanding	102.3	115.5	-11.4%
Other liabilities	10.2	11.6	-12.1%
Total liabilities	112.5	127.1	-11.5%
Property taxes levied for subsequent year	47.2	45.5	3.7%
Deferred inflows related to pensions/OPEB	25.0	30.9	-19.1%
Total deferred inflows	72.2	76.4	-5.5%
Net position:			
Net investment in capital assets	25.5	15.3	66.7%
Restricted	18.9	20.4	-7.4%
Unrestricted	15.8	18.2	-13.2%
Total net position	60.2	53.9	11.7%

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The District's improved financial position reflects the District's commitment to controlling costs in all areas, while maintaining and improving education, within the constraints of the property tax caps.

Table 2				
Changes in Net Position				
(in millions of dollars)				
	2025	Percentage of Total	2024	Percentage of Total
Revenues:				
Program revenues:				
Charges for services	\$ 6.5	4.2%	\$ 5.6	4.0%
Operating grants & contributions	34.9	22.6%	25.4	18.1%
General revenues:				
Property taxes	103.3	66.7%	99.6	70.7%
Evidence based funding	4.3	2.8%	4.3	3.1%
Other	5.7	3.7%	5.8	4.1%
Total revenues	154.7	100.0%	140.7	100.0%
Expenses:				
Instruction	85.5	57.7%	70.1	58.5%
Pupil & instructional services	11.3	7.6%	10.3	8.6%
Administration & business	11.5	7.7%	10.7	8.9%
Transportation	8.8	5.9%	5.9	4.9%
Operations and maintenance	21.4	14.4%	13.7	11.4%
Other	9.9	6.7%	9.2	7.7%
Total expenses	148.4	100.0%	\$ 119.9	100.0%
Increase in net position				
	6.3		20.8	
Net position - beginning of year				
	53.9		33.1	
Net position - end of year				
	\$ 60.2		\$ 53.9	

The total cost of all programs and services was \$148.4 million. Operating grants and contributions revenues increased by \$9.5 million due to an increase in state and federal grant revenues reported in the Government-Wide financial statements. The District's expenses primarily related to instruction, instructional support, and transporting students (71.2%) (See Table 2). The District also incurred expenses for maintaining its capital assets in operations and maintenance (14.4%) and for administration (7.7%) and other expenses (6.7%), which include debt service.

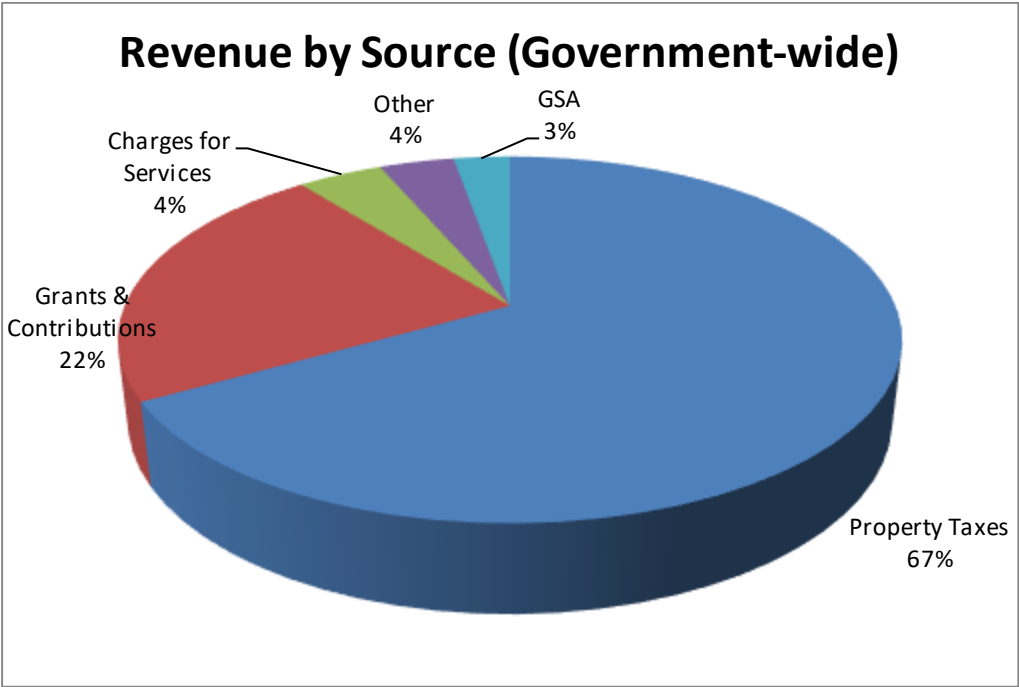
Total revenues exceeded expenses, increasing net position by \$6.3 million over last year.

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Financial Analysis of the District’s Funds

The District’s governmental funds have a combined fund balance of \$75,121,948, a decrease of 8.9% from the prior year.



Revenues for the District’s General Fund’s Educational Account, excluding state “on-behalf” revenues, can be broken down by source, and can be shown in relation to the prior year’s receipts:

Educational Account Revenues

	2024-2025 Actual Revenues	2023-2024 Actual Revenues	Increase (Decrease)
Local sources	\$ 77,838,060	\$ 74,798,035	4.1%
State sources	3,398,700	3,248,753	4.6%
Federal sources	2,129,446	2,782,586	-23.5%
Total	\$ 83,366,206	\$ 80,829,374	3.1%

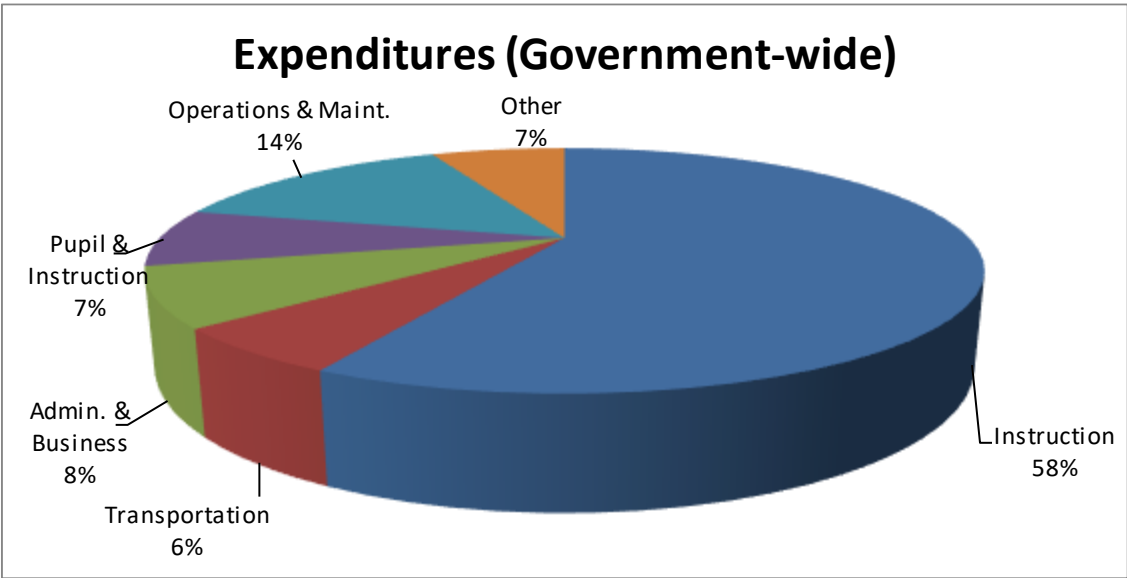
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Local revenues include ad valorem property tax revenues, investment income, student fee collections, tuition payments, and corporate personal property replacement taxes (CPPRT).

State revenues include unrestricted grants such as Evidence Based Funding, and restricted categorical grants for special education, school lunch aid, driver education, vocational education, and library resources. The State did not disburse all payments vouchered by the State for fourth quarter special education and Title programs. Payments were recorded as revenues and receivables in fiscal year 2025.

Federal Revenues are derived from grant programs which include the Special Milk Program, Title Programs through No Child Left Behind, Medicaid funds, Vocational funds, and Special Education funds through Individuals with Disabilities Education Act (I.D.E.A).



Expenditures for the General Fund’s Educational Account, excluding state “on behalf” expenditures, can be delineated by function:

Educational Account Expenditures

	2024-2025 Actual Expenditures	2023-2024 Actual Expenditures	Expenditure Increase (Decrease)
Instruction	\$ 54,640,187	\$ 52,351,632	4.4%
Support Services	23,928,894	21,189,145	12.9%
Community Services	49,686	138,976	-64.2%
Non Programmed	3,563,247	2,993,493	19.0%
Total	\$ 82,182,014	\$ 76,673,246	7.2%

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Instructional Service increases in FY 2025 were due to staffing, salary and employee insurance benefit increases per negotiated agreements. The District maintains funding to meet the needs in Special Education, Summer School, and Accelerated and Enrichment programs. Student Support Services continue to meet the needs for services in social emotional learning as addressed through professional development. Community Services decreased from the prior year as many opportunities for programming were not grant funded. The increase in the non-programmed area is a result of costs, enrollment, and support for special needs student enrollment at our Mid Valley Special Education Co-operative, students in private placement, and inhouse district programs.

As of June 30, 2025, the General Fund's Operation & Maintenance Account had a fund balance of \$7,861,120. Revenues in the General Fund's Operations and Maintenance Account were higher than the budget by \$328,580.

The General Fund's Operation & Maintenance Account expenditures as compared to the previous fiscal year are as follows:

Operations & Maintenance Fund Expenditures

	2024-2025 Actual Expenditures	2023-2024 Actual Expenditures	Expenditure Increase (Decrease)
Salaries	\$ 4,756,683	\$ 4,855,336	-2.0%
Benefits	961,564	952,653	0.9%
Purchased Services	2,960,875	3,409,082	-13.1%
Supplies	2,741,934	2,439,503	12.4%
Capital Outlay	1,498,623	348,457	330.1%
Other	73,357	1,094	6605.4%
Non-Capitalized Equipment	343,838	430,704	-20.2%
Total	<u>\$ 13,336,874</u>	<u>\$ 12,436,829</u>	<u>7.2%</u>

The General Fund's Operation and Maintenance Account expenditures increased for FY 2025. Salary decreases from FY 2024 were a result of staffing changes. Benefits for employees realized modest cost increases in PPO, HMO, and dental benefits. Purchased services decreased 13.1% because of architectural and engineering fees, repair and maintenance, and service agreements. Supplies increased 12.4% as the need for supplies increased in a post-covid environment. Capital Outlay increased 330.1% for land acquisition to expand the Transportation Center and improvements to the existing parking area. Other/Contingencies, up 6,605%, supported upgrades to existing lighting to reduce future cost. Operations and Maintenance Non-Capital equipment decreased 20.2% for new equipment that had reached its useful life.

As of June 30, 2025, the Debt Service Fund had a fund balance of \$8,946,886. The Debt Service Fund balance increased by \$748,380 for the year ended June 30, 2025. The District repaid principal of \$10,594,450 and paid interest and fees of \$3,810,085 in FY25.

As of June 30, 2025, the Transportation Fund had a fund balance of \$4,365,868. The Transportation Fund balance decreased by \$2,901,389 for the year ended June 30, 2025. This fund balance decrease was due to bus purchases and capital improvements.

As of June 30, 2025, the General Fund's Working Cash Account had a fund balance of \$16,949,315. The District maintains the General Fund's Working Cash Account for cash-flow purposes. The General Fund's Working Cash Account earned interest income of \$797,404.

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General Fund Budgetary Highlights

The District budgeted for excess expenditures of \$2,249,874 over revenues in the General Fund.

- General Fund revenues were over budget by \$251,537.
This was partly due to on behalf revenues budgeted \$2,812,127 more than actual. Excluding the on behalf payments the revenues were over budget by \$3,063,664. Property Tax Receipts, Food Services, and Interest Income were major areas with excess of budgeted amounts contributing to the overage.
- General Fund expenditures were under budget by \$2,563,624.
Excluding on behalf payments expenditures were \$248,503 over budget. Areas that contributed to being over budget included: staffing costs, employee benefits, purchased services, supplies and materials, and capital and non-capital outlay.

Capital Asset and Debt Administration

Capital assets

Table 3 presents net capital assets as of June 30, 2025 and 2024.

Table 3 Capital Assets (net of depreciation) (in millions of dollars)		
	2025	2024
Land and Construction in Progress	7.3	17.2
Buildings	86.9	81.5
Equipment & Other	9.1	6.4
Total	\$ 103.3	\$ 105.1

Long-term debt

The District has issued general obligation bonds in fiscal years 2007, 2016, 2017 and 2019 to fund capital improvements to the District’s facilities, to build new facilities, and to establish a working cash fund for cash flow purposes. The total outstanding principal is noted in Table 4. In addition to the principal payments, interest payable is also due on the outstanding bonds. The District is governed by The School Code of Illinois for the amount of debt it may have on its books at any one time. A unit district is limited to 13.8% of the most recently published, by the Kane County Clerk, taxable property. The maximum time a District may structure the repayment of any new debt issued is 20 years.

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Table 4 Outstanding Long-Term Debt (in millions of dollars)				
	2025		2024	Increase (Decrease)
General obligation bonds, leases & notes	\$ 81.8	\$	94.0	-13.0%
Pension and OPEB liabilities	20.5		21.5	-4.7%
Total	\$ 102.3	\$	115.5	-11.4%

For additional information on capital assets and debt administration, please refer to the accompanying notes to Basic Financial Statements.

Factors Bearing on the District’s Future

The District continues its efforts to review and reduce expenses to protect the District’s fund balance reserve. This has enabled the District to continue to maintain its “tradition of excellence” that prepares our students to become self-directed, collaborative, creative and adaptive citizens. The District has provided relief to taxpayers and community members by lowering the debt services portion of their property taxes through refunding and retiring bonds. The District has experienced a declining student enrollment. Ongoing review of program needs, and operation efficiencies is a core component of the District’s efforts to ensure the highest level of interest earnings income. Evidence Based Funding formula is anticipated to be constant as a Tier 4 district receiving very limited levels of new resources. The District is in the process of reviewing future capital needs and is assessing all facilities.

Technology Plan outlays are anticipated to increase slightly in the new school year and then continue to grow at a managed pace to support the replacement of technology infrastructures. The District Facility Capital Plans forecasts \$11.5 million in funding to address aging facility-based infrastructure, facility improvements, and needed repairs as roofs, equipment, and facility components reach the end of their lifecycles. Human resource costs are also expected to rise in accordance with approved collective bargaining and working agreements. Additionally, employee benefit costs are anticipated to rise over the coming years with continued increases for the FY2024-2025 school year. The District is prepared to continue to manage overall cashflow with laddered investments while balancing inflationary increases. Any property tax freeze or pension shift would force the District to restructure district revenue and expenditure expectations, and lead to impacts on both operational and educational experience required for their success. The District will continue to monitor its expenses with a continuous improvement mindset searching for enhancements in experiences for our students while seeking operational efficiencies.

Requests for Information

This financial report is designed to provide the District’s citizens, taxpayers, and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Assistant Superintendent for Business Services, 227 North Fourth Street, Geneva, Illinois 60134.