



ROSELLE SCHOOL DISTRICT 12

Administration Office
100 East Walnut Street · Roselle, IL 60172
Phone: (630) 529-2091 · Fax: (630) 529-2467
www.sd12.org

Dr. Mary Henderson, Superintendent

Roselle Middle School
500 South Park
Roselle, IL 60172
Phone: (630) 529-201

Spring Hills Elementary
560 Pinecroft
Roselle, IL 60172
Phone: (630) 529-1883

To: Dr. Mary Henderson, Superintendent
Board of Education

From: Dr. Gregory Harris, Assistant Superintendent of Finance & Operations/CSBO

Re: Monthly Treasurer's Report

Date: January 19, 2021

The long-awaited audit of the district's FY 20 financials is well underway, with completion being expected by the end of this month and the auditor making a report to the Board of Education at the February regular meeting. At the completion of this process, the auditor will help the administration make manual journal entries that will correct the errors in the FY 20 books. It is apparent that a significant amount of revenue was double-booked in FY 20, which would explain some of the problems being observed in the monthly analyses presented to the Board. At the December regular meeting, Member Bisceglie asked if the district was really behind in revenue by about \$900,000. I reiterate now what I said then: No, I do not believe this to be the case. But when the analytics are based on data that shows double-booking of some revenue in FY 20, it is going to appear to the casual observer that the district is far behind with its revenue for FY 21.

As far as revenue forecasts go, there are some positives and negatives to report. Local property taxes, the district's largest revenue stream by far (~86% of budgeted revenues), is actually coming in pretty well considering the state of the local, state, and national economy. Collections in the first half of the year came in at about \$5.03 million. This is just above 49% of what was budgeted for the fiscal year. This is good news because the collections in May and June are going to be based on the 2020 levy that the board just passed in December. This levy is larger, as a function of the Consumer Price Index (CPI) and new property that came onto the tax rolls. Therefore, barring any local economic catastrophe caused by the COVID-19 crisis, it is very much within the realm of possibility that the district will hit its revenue expectations for local property taxes.

State revenue is coming in as expected, and there is no cause for concern about this smaller chunk of the district's budgeted revenue (6%) unless the governor starts slashing the state budget during this fiscal year. And federal dollars (3% of revenues) are very reliable; the district anticipates no interruptions from this source.

As such, with cause for optimism with a full 93% of the district's revenues, there is no reason to believe that the district will have holes in annual revenue in the amounts of \$900,000 (December) or \$1.1 million (January). Yes, interest revenue is not going to meet targets for FY 21, and the same may possibly be true for corporate personal property replacement tax (CPPRT). Though forecasting how much the district may or may not be off budget with those two sources is difficult at this point, the amount will not be enough to create the variances shown in these data sets.

The one recently noticed major issue that must be reported to the board at once is related to NDSEC. Every year, the district receives refunds from NDSEC based on expenditures made in the prior

The vision of Roselle District 12 is to prepare students to ethically engage in our global society.

fiscal year that were too great. For example, if a student moves out of the district and stops receiving services through NDSEC, the district is returned the excess money paid in tuition. In the spring months of 2020 when the budget was created, \$239,000 was the anticipated amount of money the district would be receiving from NDSEC in FY 21. The administration has learned that this amount is actually going to be \$89,500, far less than in previous years. This \$149,500 gap represents the biggest challenge in maintaining a balanced budget at this time.

There is, however, good news that the administration is pleased to share with the Board of Education and the community. The administration is currently working to secure several sources of revenue which will shore up this large hole in the budget. First among them is eRate. eRate is a federal program that distributes funds to districts to help them procure affordable internet access and telecommunications services. The administration is currently working with Dyopath, our IT service management company, to develop a plan that will be the foundation of an application for these funds that will bring approximately \$50,000 into the district over the next five years to help complete some of these types of projects. Secondly, the district has very recently submitted a grant application to FEMA for relief funds related to expenditures incurred as a result of the COVID-19 crisis. Having had no feedback yet to report back to the Board in terms of what FEMA will approve from the district's application and what it will not, it is difficult to put a dollar figure on the amount the district can anticipate receiving from FEMA. However, the intent of the program is to cover 75% of certain costs incurred by the district related to the COVID-19 crisis and not already covered by the federal CARES Act money. As the board is aware, these costs are well into the range of several tens of thousands of dollars. Last, but certainly not least, the district received word this month that the relief package recently passed by Congress and signed by President Trump includes up to \$210,000 in federal funds for the district that we can use to make our buildings safer and healthier and to plug the holes in our budget caused by this virus. We anticipate having access to the majority of these funds in FY 21 with some possibly being held back until FY 22.

Of course, all work to study the collection of revenue and the pursuit of additional sources is moot if the district is not carefully monitoring the expenditure side of the equation. At the present time, data from Skyward indicates that the district is running under budget on the expenditure side for the first half of the fiscal year. There are several reasons for this including the exercising of careful fiscal management by the administration and COVID-19-related closings of school and activities. It is impossible to predict what will happen in the next six months, but the same level of careful stewardship will be applied when dealing with the community's investment in this community.