



Executive Summary Board of Education Meeting

DATE: August 19, 2021

TOPIC: Final Budget for Fiscal Year 2022

PREPARED BY: Courtney Whited

Recommended for:

- Action
- Discussion
- Information

Purpose

Annually, the Board of Education must approve the School District Budget. The formal adoption is scheduled to take place on September 2, 2021 at the Public Hearing held during the Board of Education meeting.

Background

Revenues: \$29,553,621

Real estate taxes account for 82.8% of total revenue. The District may receive approximately \$25,016,668 from local property taxes due Fall 2021 (normally August 1) and March 1, 2022. However, a \$545,540 reduction was applied after observing appeals and refunds in recent years for an overall expectation of \$24,471,128.

Other local revenues account for 6.8% of total revenue. The District anticipates receiving approximately \$2,021,155 in local revenue.

State-derived funds account for 5.2% of total revenue. This \$1,522,880 comes from the Evidence Based Funding formula and the Transportation Claim.

Federal revenues of \$1,538,458 account for 5.2% of total revenue which is more than the typical 1% in recent history. This is primarily due to the COVID-related Elementary and Secondary School Emergency Relief Grant for \$768,162.

In FY21, there was a \$35,000 interest transfer by resolution from Fund 10 to Fund 80 to address increasing insurance rates. This coming year, a \$65,000 transfer from Fund 10 to Fund 80 is planned along with consideration of Fund 80 when drafting the levy in the fall. To address the negative Social Security/Medicare (Fund 52) balance, \$65,000 of Fund 10's Corporate Personal Property Replacement Tax is scheduled to be allocated to Fund 52.

Expenditures: \$32,471,248

Salaries & Benefits

Overall, salaries are expected to be \$15,596,486 which is 8.1% above last year's actual amount of \$14,426,786. The Business Office conducted an in depth review of all salaries because this object represents 48.0% of the total expenditures. The prominent factors influencing this estimate are teachers' salary schedule level advancements, the 3.0% raises for returning LSSU members, +6.0 FTE in new positions, -3.0 FTE in recent retirements, new hires for resignations, an anticipation of fully staffing the open paraprofessional positions, and salary schedule class advancements due to coursework completion.

As for benefits, PPO medical insurance decreased by 2.1%, HMO medical decreased by 2.1%, dental decreased by 4.1%, and life insurance remained the same. Long-term disability, vision coverage, and flexible spending account fees remain unchanged. Percentages related to the District's share of TRS, Medicare and Social Security will also remain stable. TRS on federally-funded salaries is now 10.31% instead of 10.41%, and the District's share of THIS dropped slightly from 0.92% to 0.67%. The District's IMRF rate will decrease in January 2022 from 12.2% to 9.97%. The cost of benefits is estimated to be up 7.6% to \$3,243,322 which follows the salary increases and leaves room for new employees' insurance plans.

Purchased Services

At \$3,433,432, the approximate 2.3% increase in purchased services corresponds to transportation costs without much impact from COVID, increased capital and life safety projects for which architect services will be required, and growing insurance costs.

Supplies & Materials

Expenditures are projected to be \$1,531,035 which is an 82% increase. This is due to budgeting \$231,880 for supplies that qualify for the Elementary and Secondary School Emergency Relief Grant (ESSER). There is also an expectation that food services will return to a more typical level. Curriculum materials will also be a substantial expense compared to last year.

Capital Outlay

Due to the \$3,770,131 in planned facilities projects, the FY22 budget is anticipated to be two times more than the FY21 budget.

Dues & Fees/Debt Payments

The \$1,009,787 payment to NTDSE for Molloy's construction in FY21 explains why there will be a 7.9% decrease to \$4,353,348 in this object. Otherwise, FY22 principal and interest payments of \$1,818,548 for the 2015, 2016, 2018, and 2021 series bonds total \$199,148 more than SD74 paid in FY21. In addition, Niles Township District for Special Education #807 invoices will likely increase due to student counts.

Non-Capitalized Equipment

\$127,600 is 65% more than last year's expenses. The expenditures are anticipated to be higher due to Technology, Special Education and Food Service equipment.

Termination Benefits

This 8.7% decrease to \$415,894 derives from retirees reaching age 65 which triggers the end of their appearance on the THIS invoices for medical insurance and the EBC invoices for dental and life insurance. Five retirees will turn 65 in FY22 while only one retiree will begin these coverage plans.

Fund Balance

As of June 30, 2021 the unaudited fund balance was \$27,276,445. The projected fund balance for June 30, 2022 is \$24,359,173 which is \$2,917,272 less. The Illinois State Board of Education Budget Form indicates SD74 will be submitting a balanced budget.

Fiscal Impact

\$27,311,786 Beginning Fund Balance July 1, 2021

+\$29,553,621 Budgeted Revenues

-\$32,471,248 Budgeted Expenditures

\$24,394,159 Anticipated Ending Fund Balance on June 30, 2022

Please see the attached FY22 Tentative Budget presentation for further details.

Recommendation:

The Finance Committee concurs with the Administration to recommend to the Board of Education to approve the Fiscal Year 2022 Budget after the Public Hearing at the Board of Education meeting on September 2, 2021.