



ROSELLE SCHOOL DISTRICT 12

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To: Dr. Mary Henderson, Superintendent
Board of Education

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

Re: Monthly Treasurer's Report

Date: October 20, 2020

September is a crucial month for school districts in Illinois, as this is the time when local property taxes are received and fund balances are at their annual peak; it is the time when districts are flush with cash that they use to ride out the year before the next influx of property tax revenue in June. In the COVID era, it is important to analyze this essential source of funding which makes up approximately 85% of budgeted revenue. At this point in time, there is reason to be optimistic about this source with the district already having received 47.8% of anticipated local property taxes. With two more small payments coming in November and December, the district should expect to have more than 49.3% of local property taxes collected during the first half of the year. On the surface, this 49.3% figure may cause a little concern that we may be lagging behind in our anticipated local property tax collection. However, recall that the first half of receipts in a fiscal year is from the prior year's levy and that the second half of receipts is from the current year's levy. In other words, the property taxes received by the district in the spring months of 2021 will be based on the 2020 levy (which has not been filed yet) and will include an increase aligned with CPI (2.3%) and will include any new construction in the community. Therefore, the forecasted amount of property taxes to be collected in FY 21 appears to have been a good projection. Under various scenarios, I expect we will be within 0.2% of that figure in either direction, with reasons to believe we may exceed it by a small amount. Of course, in the COVID era when we have trained ourselves to expect the unexpected, only time will tell how various factors in the community will affect our June property tax receipts.

With the 85% of our anticipated revenue appearing to be on a solid foundation upon which to build this year's budget, that should allow for a sigh of relief. However, there are still several other critical funding sources that remain a question mark. I have indicated in the past that Evidence-Based Funding from the state and federal grants appear to be reliable as well. As yet, however, the district does not have enough data to forecast how our Corporate Personal Property Replacement Tax (CPPRT) and investment income will affect the budget. While much smaller sources of revenue, they would still be problematic to the district if there were serious interruptions to these sources.

The data provided to the Board of Education about our operating funds (which includes the Educational, Operations & Maintenance, Transportation, IMRF, and Working Cash funds) show that the district is trending towards a surplus by June 30 of 2021. In a year when anything can happen, this is most welcome news. However, the board must take this information with a grain of salt as the historical data used to make these assumptions only includes two years of data. I have taken the time to scrutinize this data and eliminate what I believe to be some errors in accounting in order to strengthen the reliability of this data, but I would still assert it is challenging to use such limited information to draw such important conclusions. Of course, there will be some significant one-time expenses on the horizon that will affect these numbers negatively, such as the new pickup truck and the first annual

installment of the recently approved new teacher devices. Additionally, the board will be approving an FTE for a new ELA teacher at Roselle Middle School.

September is a very busy month on the expenditures side of school districts as well. With the beginning of the academic year getting started, teachers and administrators are busy ordering supplies and service providers are re-engaging with children and staff members. Nearly half of the district's spending in the first quarter of the fiscal year occurred in September alone (\$735,971 out of \$1,500,356). . However, there will be months down the road in which the district will spend even more money, particularly in those months when the district makes debt service payments.

COVID spending continues, but it is beginning to level off. Of course, the district will be continually purchasing consumable PPE and sanitation products (masks, gowns, hand sanitizer, and cleaning solutions) but we are most likely over the hump when it comes to the more costly purchases such as plexiglass, N95 masks, and tents. The administrative staff is evaluating all COVID-related protocols with an eye on the health and safety of staff and students as the greatest priority, but some adaptations have been able to be made that have allowed the district to save money without compromising our commitment to the well-being of our stakeholders.