



Geneva Community Unit School District 304
Martin T. McConahay, Acting Chief Financial Officer - Business Services
227 North Fourth Street, Geneva, IL 60134
Phone: (630) 463-3035 Fax: (630) 463-3031
E-mail – mmcconahay@geneva304.org

Date: 08/14/2017
To: Kent Mutchler, Superintendent
Board of Education/Finance Committee
Fr: Martin McConahay, Acting CFO
Re: Tentative Budget Presentation

After this evening's budget presentation at the Full Board Meeting, the Board of Education will be asked to approve the Fiscal Year 2017-18 Budget in tentative form.

This will enable the District to publish a Notice of Public Hearing by August 24 and place a copy of the *Tentative Fiscal Year 2017-18 Budget* on public display for 30 days prior to the September 25, 2017. The Board will be asked to consider final adoption of the budget later that evening.

As has been our practice since initial budget discussion last May, the Administration will continue to update the Tentative Budget as legislative action or other influencing factors come to fruition. Any such adjustments made to the Final Budget to be considered on September 25th will be emphasized to the Board and the public prior for formal Board action on September 25, 2017.

Next Steps in the Budget Approval Process can be summarized as follows:

August 14, 2017	Tentative Budget Approval
August 24, 2017	Budget Hearing Notice and Display of Tentative Budget
September 25, 2017	Final Budget Adoption

Operational Funds have been reviewed in detail over the last three months with and emphasis on the Educational, Operations & Maintenance and Transportation Funds. These and all other district funds are represented in this evening's presentation including the Illinois Municipal Retirement Fund, Debt Service Fund, Working Cash Fund, Tort, and Fire Prevention & Safety Fund. In additional transfers to Debt Service and state 'On-Behalf' flow-through accounts will be highlighted as they too are an integral part of the District's Annual Budget.

Highlights of the Tentative Budget for Fiscal Year 2018 include \$500,000 of General State Aid allocated to the O&M fund, transferring \$2.4 million of Educational Fund reserves to the Debt Service Fund and budgeting \$18.3 million of State 'On-Behalf' revenues to the Educational Fund. (The latter amount is offset by a budgeted \$18.3 million of State 'On-Behalf' expenditures in the Educational Fund; hence the term Flow-Through accounts.)

As promised in our July 31st discussions, all salary and benefits expenditures have been revisited and updated. Educational Fund benefits now fall in line with increases in other funds. We anticipate a 7.3% increase in Educational Fund benefits. This compares to a 7% to 7.6% budgeted increases in other operational funds. A line item review of actual benefit expense and enrollment data was used instead of preliminary projections to provide a much more realistic representation of anticipated benefits obligations. Inclusion of new hiring decisions influenced our Educational Fund salary adjustments. For example, the need for two additional 5th grade sections was identified. The result of our review is a \$1,075,127 decrease in budgeted benefits and a \$122,762 increase in budgeted salaries yielding a net \$952,365 reduction in budgeted Educational Fund personnel costs for FY2018.

This substantially reduces the anticipated excess of expenditures over revenues in this key operational fund. It should be noted however, that we still are experiencing a deficit in the Educational Fund, albeit, much more manageable than originally projected. In addition, we are budgeting the previously mentioned \$2.4 million transfer of Educational Fund balance reserves to the Debt Service Fund. After all adjustments and transfers, the Educational Fund Balance is expected to decrease by \$2,588,898. Minus the Debt Service transfer, the budgeted Fund deficit drops to \$188,898.

The Budget Hearing Notice and documents for the Public Display of the Tentative Budget have been prepared and will be processed according to our Budget Approval Process Calendar.

This evening the Board will be asked to:

- 1) Approve the Tentative Budget as presented;
- 2) Call for the mandatory Public Hearing on September 25, 2017;
- 3) Direct the Administration to place the Tentative Budget on display for a minimum of 30 days prior to the Public Hearing; and,
- 4) Publish timely notice of the Public Hearing and budget display period.

