

Presentation of Final Budget

Fiscal Year Ending
June 30, 2023

Date: September 27, 2022



Budget Timetable

May 2022

Met with individual principals and administrators to discuss FY 23 budget needs and reviewed FY 22 preliminary results.

July 12, 2022

Update the Board of Education on budget development and preliminary results from FY 2022

Late July - Early August 2022

Meet with FORC to discuss and get feedback on tentative budget

August 16, 2022

Board of Education reviews tentative budget and calls for a September 27, 2022 public hearing.

August 17, 2022

Tentative budget goes on display in District office and notice of the public hearing is placed in newspaper.

September 27, 2022

District holds public hearing on the budget and the Board of Education approves the final budget. Budget is filed with the Illinois State Board of Education.

Major Financial Decisions

July 2022 through June 2023





Preliminary FY 2022 Results

Preliminary Fiscal Results – FY 2022

Cash Basis

	Beginning Balance -				Ending Balance -		FY 22 Surplus /
	FY 22 Actual	Revenues	Expenses	Transfers	FY 22 Actual	FY 22 Budget	(Deficit)
Education	\$ 15,748,846	\$ 90,062,036	\$ 83,082,403	\$ (1,179,728)	\$ 21,548,751	\$ 17,939,189	\$ 3,609,562
Building	5,101,272	15,254,180	8,874,369	(7,000,000)	4,481,083	4,259,772	221,311
Debt Service	5,368,691	4,336,719	6,579,067	1,179,728	4,306,071	4,151,881	154,190
Transportation	3,700,892	2,689,196	4,453,890	-	1,936,198	1,829,467	106,731
IMRF/SS	4,426,479	61,053	2,872,732	-	1,614,800	1,792,698	(177,898)
Working Cash	5,457,156	411,319	-	(3,000,000)	2,868,475	3,202,156	(333,681)
Tort	3,829,797	43,949	-	-	3,873,746	3,924,797	(51,051)
Total Operating	43,633,133	112,858,452	105,862,461	(10,000,000)	40,629,124	37,099,960	3,529,164
Capital Projects	8,838,901	1,265	16,743,740	10,000,000	2,096,426	458,901	1,637,525
Life Safety	120,155	-	-	-	120,155	120,155	-
Total Capital	8,959,056	1,265	16,743,740	10,000,000	2,216,581	579,056	1,637,525
Grand Total	\$ 52,592,189	\$ 112,859,717	\$ 122,606,201	\$ -	\$ 42,845,705	\$ 37,679,016	\$ 5,166,689

The District budgeted an overall fund balance decrease of (\$14.9) million in FY 22 mainly due to the spend down of the remaining bond proceeds for capital projects. The District experienced an actual decrease of only (\$9.7) million. Of the overall favorable budget variance of \$5.1 million, \$3.5 million relates to the District's operating funds, while \$1.6 million relates to capital projects still to be completed.

Comparison of Budget to Preliminary Actual – FY 22

Sources of Revenues – Cash Basis

	Actual vs.			
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Primary Cause of Variance</u>
Real Estate Taxes	\$ 88,581,041	\$ 87,180,000	\$ 1,401,041	Increased collection % & Prior year collections
Other local Revenues	5,822,792	4,629,000	1,193,792	CPPRT Revenues
Evidence-Based Funding	11,669,337	11,373,000	296,337	Prior year adjustment
Other State Grants	3,061,583	1,961,665	1,099,918	Special Ed Orphanage and timing of distributions
Federal Grants	3,724,964	4,336,958	(611,994)	Timing of distributions
Total Revenues	\$ 112,859,717	\$ 109,480,623	\$ 3,379,094	Actual revenues = 103% of budget

Comparison of Budget to Preliminary Actual – FY 22

Expenditure Type – Cash Basis

	Actual vs.			
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Primary Cause of Variance</u>
Salaries	\$ 66,324,420	\$ 66,388,398	\$ 63,978	
Employee Benefits	13,502,404	13,873,878	371,474	
Purchased Services	11,985,028	10,272,039	(1,712,989)	Transportation & Maintenance costs
Supplies and Materials	4,628,029	4,234,431	(393,598)	
Capital Projects & Equipment	16,991,223	19,916,744	2,925,521	Timing of project payments
Debt Payments	6,579,067	6,594,810	15,743	
Out of District Tuition	2,317,202	2,600,000	282,798	
Other Expenses	278,828	501,700	222,872	
Total Expenditures	\$ 122,606,201	\$ 124,382,000	\$ 1,775,799	Excluding capital, expenses 98% of budget

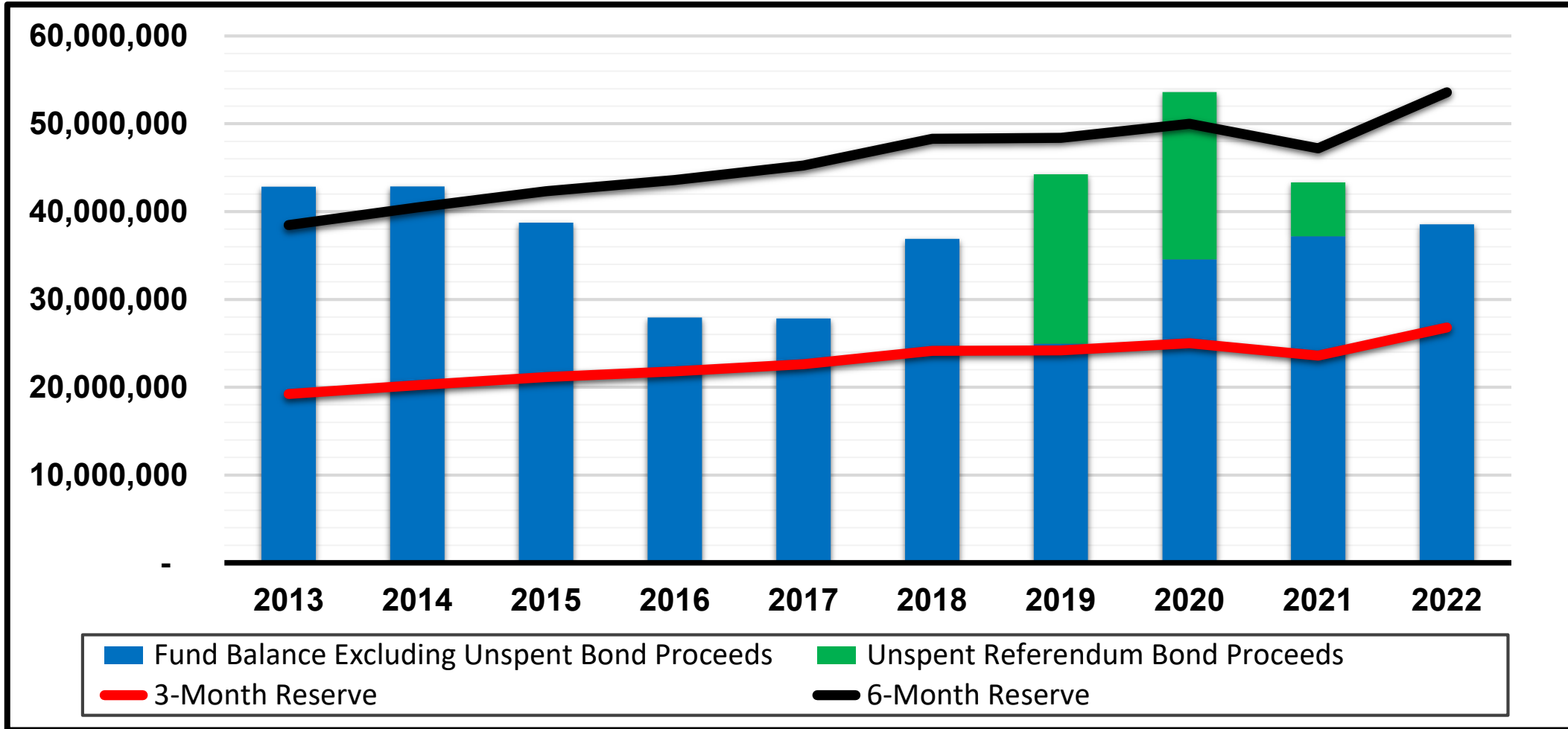


Major Goal for Budget Development

Continue to incur annual surpluses and sustain fund balances within the 3-6 month reserve policy to maintain desired quality educational services and fund future capital projects

Historical Fund Balances – All Funds

Accrual Basis (2013-2021) - Cash Basis Unaudited (2022)



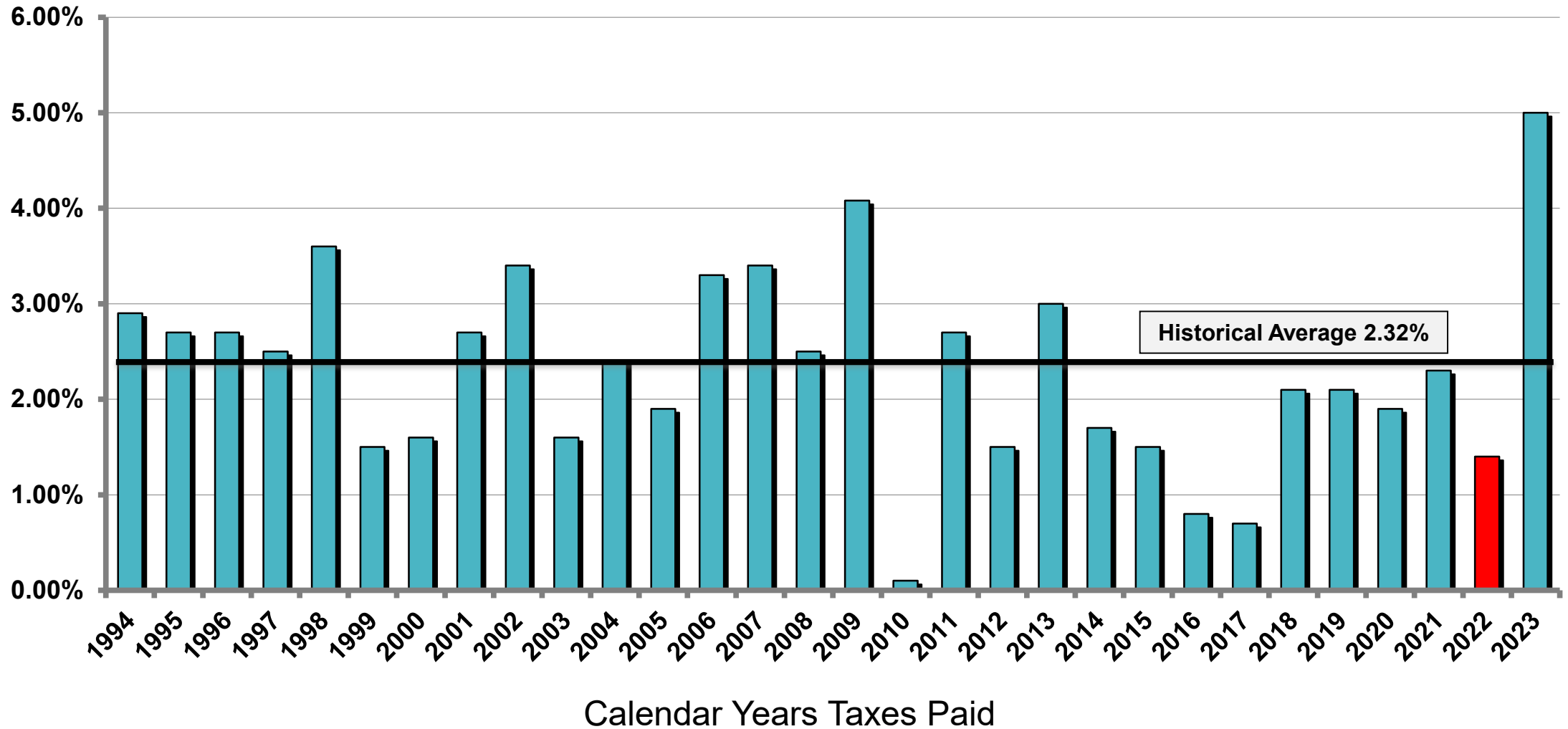
The District has a fund balance policy with targeted fund balances equaling 3-6 months worth of reserves. D97 currently has approximately 4.3 months worth of reserves.



Major Drivers of FY 2023 Budget Revenues

Approximately 75% of D97's Revenue Growth Tied to Inflation

CPI History - Most of D97's Revenue Growth Tied to 1.4% CPI Figure



New Taxable Property Growth in District

New Taxable Property Allows for Tax Revenue Growth to Exceed CPI

\$1 million in new property EAV (\$3 million in market value) generates approximately \$41,000 of additional revenues above tax cap limits.

For FY 2023 Budget:

The new taxable property amount for the 2021 tax levy year is currently unknown due to County reporting delays. We are estimating approximately \$8 million in new taxable property will generate approximately \$300k in additional revenues.

Tax Year	New Property EAV
2006	\$ 4,406,000
2007	9,235,000
2008	10,100,000
2009	1,509,000
2010	2,043,000
2011	17,136,000
2012	827,000
2013	806,000
2014	3,317,000
2015	553,000
2016	1,470,000
2017	8,225,000
2018	7,937,000
2019	134,904,000
2020	25,093,000

Evidenced-Based Funding Distributions

D97 Receives a Very Small Percentage of New EBF Dollars

School Year	New EBF Dollars – Statewide	New EBF Dollars – D97
2017-18	\$367,000,000	\$231,000
2018-19	\$300,000,000	\$167,000
2019-20	\$312,000,000	\$214,000
2020-21	\$0	\$0
2021-22	\$300,000,000	\$147,000
2022-23	\$300,000,000	\$119,000

Elementary and Secondary School Emergency Relief Grants (“ESSER”)

Purpose: To provide vital support to reopen schools safely, maximize in-person instruction time and address impact of COVID-19 on students, educators and families

Grant Type	Award Amount	Remaining to be spent	Last Obligation Date	Required Use of Funds
ESSER I	\$271,097	\$0	September 30, 2022	General Purpose
ESSER II	\$1,221,131	\$711,310	September 30, 2023	General Purpose
ESSER III	\$2,934,859	\$2,934,859	September 30, 2024	80% general purpose, 20% unfinished learning

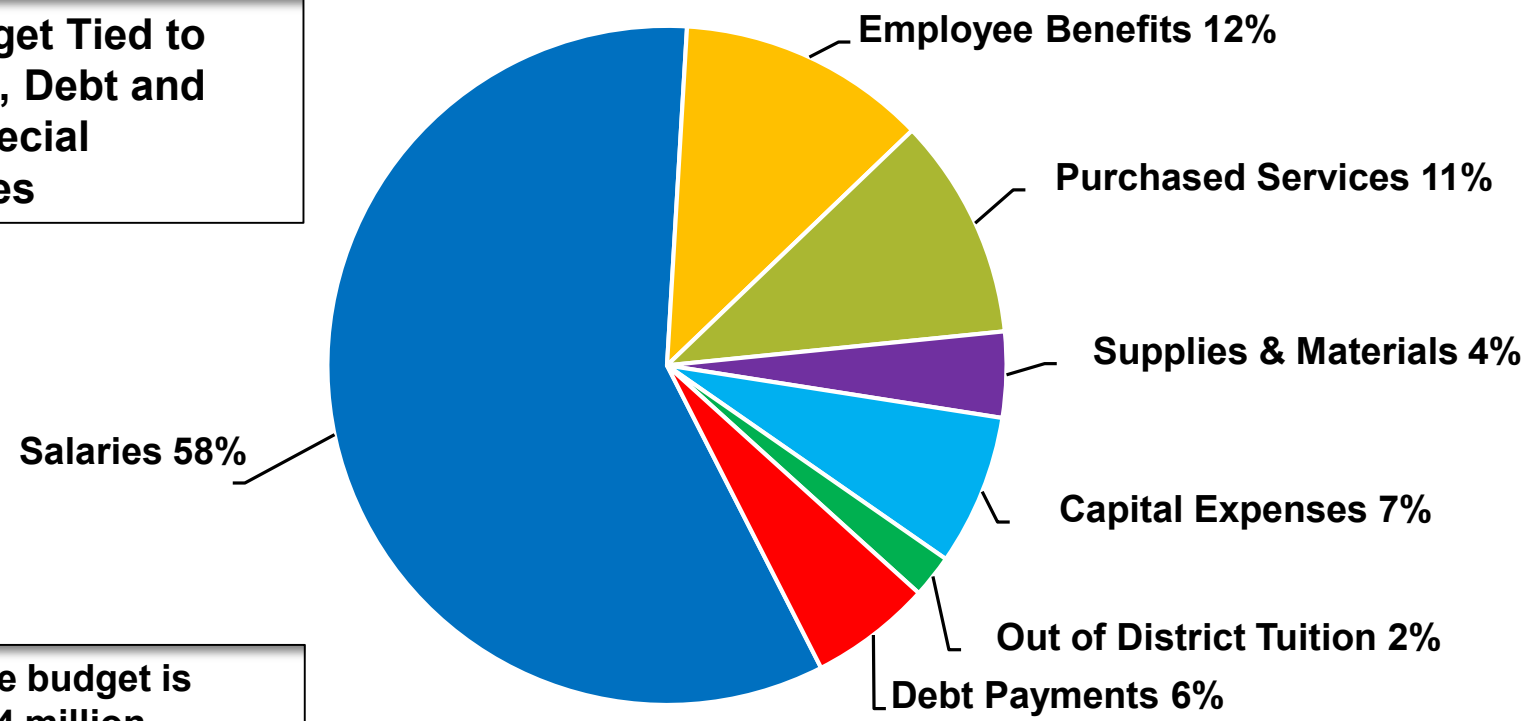


Major Drivers of FY 2023 Budget Expenditures

Breakdown of Expense by Type – FY 2022

Excluding Capital Projects Funded from Bond Proceeds

78% of Total Budget Tied to Salaries, Benefits, Debt and Out of District Special Education Services



D97's total expense budget is approximately \$114 million

Staffing Plan for 2022-2023 School Year*

*As approved by the board on April 26, 2022

- Keep general certified teaching staff at the same level of FTE as SY 22
- Add 2.6 Special Education Teachers
- Add 1.0 Occupational Therapist
- Add 1.0 Speech Language Therapist
- Add 1.0 Behavior Specialist
- Add 1.0 EL Teacher
- Add 2 Hallway Monitors at the Middle Schools
- Reduce CNA's from 10 to 3 FTE's.
- D97 along with other IL School Districts are experiencing special education staffing shortages, which is leading to emergency contracting and higher hourly rates
- Retain 26 permanent substitutes hired in SY 22 to address sub teacher crisis.
- An increase in substitute pay may need to be explored to aid in attracting a larger pool of substitute teachers given the large number of absences the District experienced in FY 22.



Other Major Factors Affecting FY2023 Budget

- **The need to reconcile potential salary expenditures with anticipated property tax revenues.**
- **Medical insurance**
 - Premiums will be increasing by approximately 7.5% for all major insurance types.
- **Risk management and workers comp insurance**
 - Premiums will increase approximately 20% versus the prior year due primarily to market conditions and claims experience.
- **High Inflation**
 - Inflation levels are the highest they have been in decades, which could potentially significantly increase expenditures for services, supplies, equipment
- **Referendum Bond Proceeds are completely spent and capital projects are now being funded from reserves**
 - Careful consideration of funding streams in our Facilities Master Plan will be required in the next few years
- **Tax Anticipation Warrants**
 - \$6.5 million of tax anticipation warrants will be issued due to Cook County delay in issuance of second-installment property tax bills.
 - Estimated cost of interest and fees is \$65,500
 - Over \$40 million of property tax revenue (35% - 40% of the overall revenue budget) is affected

Other Major Factors Affecting FY2023 Budget (cont.)

- ECF Grant Funding of approximately \$1.2 million will help cover the cost of existing technology leases.
- \$500k of additional grant funding for gender neutral middle school bathroom renovations awarded through IL DCEO

Looking Ahead



Long-term Planning

Resource & ROI Strategy Mapping

- As part of long-term educational and master facilities planning, administration will plan to conduct a comprehensive review of how we currently use our resources (time, people, money and technology).
- Goal is to assess opportunities for more strategic decisions that target district priorities and that operationalize the resource allocation requirements of the equity policy.
- The review will include areas such as accessing savings by transitioning to more sustainable energy sources, development of competitive contracting processes, IGA efficiency opportunities, etc.
- This effort will be integrated with future long-term planning and inclusive stakeholder engagement.



Final Budget

Fiscal Year Ending June 30, 2023

Final Budget – FY 2023

Cash Basis

	Beginning Balance	Revenues	Expenses	Transfers	Ending Balance
Education	\$ 21,548,751	\$ 92,723,964	\$ 91,665,124	\$ (342,075)	\$ 22,265,516
Building	4,481,083	13,716,000	9,556,885	(2,700,000)	5,940,198
Debt Service	4,306,071	4,310,500	4,439,350	342,075	4,519,296
Transportation	1,936,198	4,410,500	4,492,042	-	1,854,656
IMRF/SS	1,614,800	2,851,400	2,935,567	-	1,530,633
Working Cash	2,868,475	100,500	-	(1,500,000)	1,468,975
Tort	3,873,746	2,900	-	(3,800,000)	76,646
Total Operating	40,629,124	118,115,764	113,088,968	(8,000,000)	37,655,920
Capital Projects	2,096,426	500	9,858,847	8,000,000	238,079
Life Safety	120,155	100	-	-	120,255
Total Capital	2,216,581	600	9,858,847	8,000,000	358,334
Grand Total	\$ 42,845,705	\$ 118,116,364	\$ 122,947,815	\$ -	\$ 38,014,254

Operating revenues are projected to exceed expenses by \$5.0 million. That surplus combined with fund balance transfers for capital project expenses of \$9.8 million are estimated to result in a decrease of overall fund balance of \$4.8 million (\$3 million operating; \$1.8 million capital). The projected \$38 million ending fund balance is an increase of \$0.3 million compared to the FY 22 budgeted fund balance of \$37.7 million and would result in approximately 3.7 months of operating reserves.

Final Budget – Revenues

Prior Years Comparison – Cash Basis

Source	<u>FY 2020 Actual</u>	<u>FY 2021 Actual</u>	<u>FY 2022 Actual</u>	<u>FY 2023 Budget</u>
Real Estate Taxes	\$ 80,200,000	\$ 83,971,000	\$ 88,581,041	\$ 88,622,503
Other local Revenues	7,643,000	2,930,000	5,822,792	4,697,600
Evidence-Based Funding	11,533,000	11,525,000	11,669,337	11,495,398
Other State Grants	3,912,000	3,355,000	3,061,583	4,656,701
ESSER Grants	0	314,000	442,129	3,713,861
Federal Grants	<u>2,774,000</u>	<u>2,667,000</u>	<u>3,282,835</u>	<u>4,930,301</u>
Total Revenues	\$ 106,062,000	\$ 104,762,000	\$ 112,859,717	\$ 118,116,364

Final Budget – Expenditures

Prior Years Comparison – Cash Basis

	<u>FY 2020 Actual</u>	<u>FY 2021 Actual</u>	<u>FY 2022 Actual</u>	<u>FY 2023 Budget</u>
Salaries	\$ 61,164,000	\$ 61,974,000	\$ 66,324,420	\$ 69,301,428
Employee Benefits	12,740,000	13,434,000	13,502,404	14,451,569
Purchased Services	10,431,000	8,938,000	11,985,028	13,228,036
Supplies and Materials	3,298,000	3,154,000	4,628,029	5,168,894
Capital Projects & Equipment	24,751,000	16,418,000	16,991,223	13,584,913
Debt Payments	7,459,000	5,912,000	6,579,067	4,097,275
Out of District Tuition & Other	2,751,000	2,377,000	2,596,030	3,115,700
Total Expenditures	\$ 122,594,000	\$ 112,207,000	\$ 122,606,201	\$ 122,947,815

**End of
Presentation**

