

Key Takeaways from the FY24 Audit

December 12, 2024

- **Successful, Clean Audit with Baker Tilly**
 - **No Findings**
- **Additional Audits of IDEA and School Nutrition Grant Programs**
- **Revenues Continue to Drive Our Expenditures**

Annual Financial Report - Summary

- Board Approved Reductions of \$3.1M in Working Cash fund balances during FY24
 - \$2.4M - Windows & Siding Replacements at Grodsky, Ross & Sullivan
 - \$700K - Completion of Construction Design Work to 50% for Eisenhower Expansion Solution
- Operating Fund Balances as of 6/30/24 - \$4,758,794 (19%)

FY24 Accruals

Approximately \$1.5M in Expenditures Accrued Back to FY24

- **\$1.1M for June Capital Projects**
- **\$201,631 - 2024-25 Technology Purchases**
- **Summer School Expenditures - Salaries, Benefits, Food Service & Transportation**
- **Tuition Reimbursements for Staff - Paid July per Contract**
- **Transportation Invoices for June - Paid in July**
- **Crossing Guard Services for June - Paid in July**
- **Food Service Invoices for June - Paid in July**
- **Utility Invoices due in July/August for June Services**

Fund Balance Considerations

Operating Fund Balances as of 6/30/24 - 19%

- A school district's Fund Balance ebbs and flows throughout the year. June 30th is a single point in time.
- District 23's cash flow is fully aligned with Cook County's Property Tax Cycle, due to dependence on local funding - June 30 is typically a low point.
- In accordance with our updated Policy 4:20, should the 6/30 Operational Fund Balances dip below 30% corrective actions by both the BOE and Administration may be taken.

Fund Balance Policy 4:20

As Updated by the Board of Education ~ April, 2024

The Superintendent or designee shall maintain fund balances adequate to ensure the District's ability to maintain levels of service and pay its obligations in a prompt manner, in spite of unforeseen events or unexpected circumstances.

The School District seeks to maintain an operating fund balance to operating fund expenditure ratio equal to or greater than 33%, when including funds 10, 20, 40 and 70 (in alignment with ISBE). At least quarterly, Administration shall advise the Finance Committee of the current fund balance ratio. Utilizing the guidelines below, the Board may direct Administration to take action and prepare a debt reduction plan should the year-end, audited fund balance (as of June 30th) fall below the designated range:

- 35% and above - No Action Necessary
- 30 - 35% - Administration & Finance Committee Discussion
- Below 30% - Administration & BOE Discussion and Development of a Plan to Address

The Superintendent or designee shall inform the Board whenever it should discuss drawing upon its reserves or borrowing money.

Strategies for Correction

Conservative Budgeting and Thoughtful Reductions

FY25 Budgeting Strategies:

- FY25 Anticipated Surplus of \$666,781
- Reductions in Technology - \$200,000 due to FY24 Accruals
- Property Tax Revenue Budgeted at 98% Receipt

FY26 Budgeting Strategies:

- Property Tax Revenue Budgeted at 95%
- 10% Reduction in the Cost per Pupil Allocation
- 5% Reduction in Departmental Budgets
- Continued Zero-Based Budgeting Approach
- Potential Deferral of Summer 2025 Capital Projects

Next Steps in Planning for the FY2026 Budget...

Revenues Drive Our Expenditures

- Budget for Actuals - Conservative Revenues
- Eliminate Unnecessary Contingencies
- Thoughtful and Conservative Plans for Staffing
- Careful Monitoring of Year-End Orders and Service Invoices
- Finance Committee Reporting to Include:
 - Projection Models in January
 - Fund Balance Reporting