



Bloomington
School District 13
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To: Board of Education
Dr. Jon Bartelt
From: Mr. John T. Reiniche
Re: Tentative FY2022-23 Budget
Date: June 23, 2022

Background:

Each year at this time, the Board of Education has an opportunity to presented a tentative budget. This year is unique in that the District has experience a pandemic. As better data becomes available the budget will incorporate this information.

Situation:

At tonight's meeting, the Board of Education will be presented with a tentative budget document for the fiscal year 2022-2023. Contained in the budget document will be assumptions for both revenues and expenditures and budget summary by fund. This is only a discussion item (no action), more of information style presentation. As a prelude to our meeting, please know that the tentative budget is indicating that we will have a "Balanced Operating" budget for the Fiscal Year 2022-2023. Finally, please keep in mind that the budget was developed based upon the best available data at the time of this report was prepared. A more in-depth presentation will be made at a later date.

Recommendation:

There is no recommendation to the Board of Education as the Administration is presenting this information for discussion purposes only.



2022-23

Tentative Budget



For Fiscal Year 2022-2023

John Reiniche

Bloomington School District 13

September 27, 2022

Budget Overview

Unlike many school districts in Illinois, Bloomingdale School District 13 will have a **balanced budget**. Over 62% of school districts in the State of Illinois are deficit spending. The main sources of this problem are the State of Illinois' financial position and the current pandemic. For over 20 years, local tax revenue in school districts in DuPage County have been restricted by property tax caps. The largest threat to the District's solvency is the uncertainty of state funding, a possible shift in pension costs, a potential property tax freeze and COVID-19. These threats could increase expenditures and reduce revenues, which would force the District to fund these obligations from its fund balances. This would divert resources from the students of Bloomingdale.

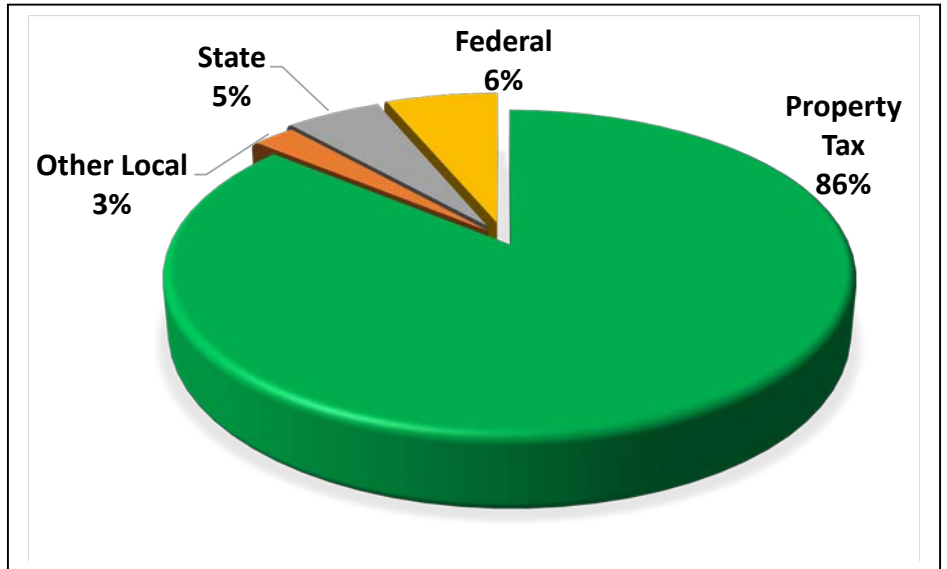
Bloomingdale School District 13 is conscious of the current economic climate and the financial conditions. These obstacles can be challenging in achieving long-term financial stability for the District while focusing on resources for students. As we examine current educational research and understand how students of today learn, we know that we must plan accordingly and incorporate the Illinois Learning Standards into this plan. Illinois Learning Standards now call for the integration of skills related to technology: students must use both critical analysis and production of media in their work. The students need to develop reasoning skills, critical reflection and thinking, and both conventional and innovative problem solving.

In order to plan for the students and develop programs that are best for them, the administrative team is focusing on a plan that will ensure students have the rigor, readiness, and skills to prepare them for their future, even with a remote learning model. Together, the District Cabinet has explored the timeline for when program improvements must be implemented. This includes, but is not limited to, curriculum resources to support the Illinois Learning Standards, adopting a process to examine technology use as aligned to teaching and learning, creating an environment for 21st century learning, and examining current structures in order to operate the district efficiently. The draft ideas enable us to begin charting a course in funding to align with our improvement plans over the next five years. Even with all of these high expectations and mandates, District 13 has achieved a **balanced budget** this year. The next page will provide highlights from the proposed budget:

Revenues - By Sources

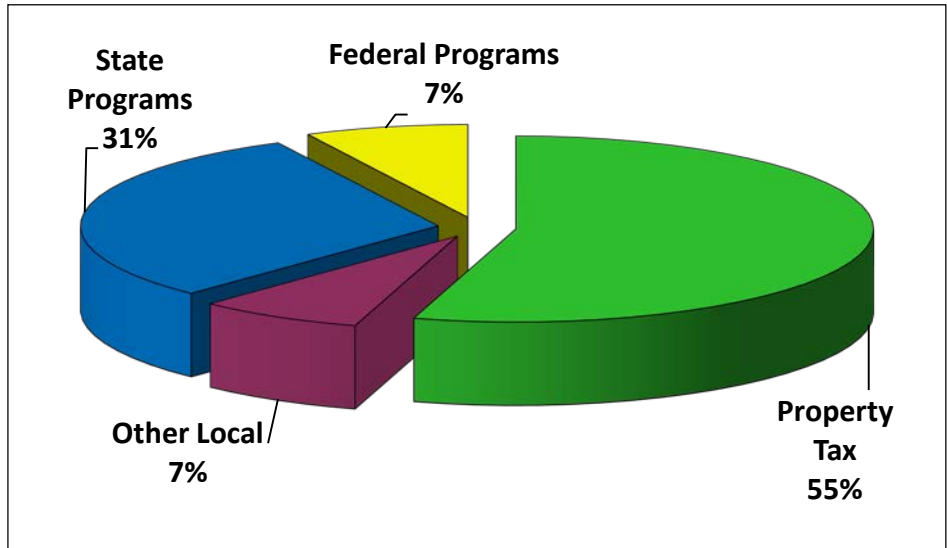
District Revenue Distribution

Bloomington District 13's primary source of revenue is from property taxes. Over 86% of the District's revenue is generated from this source, as the chart (right) illustrates.



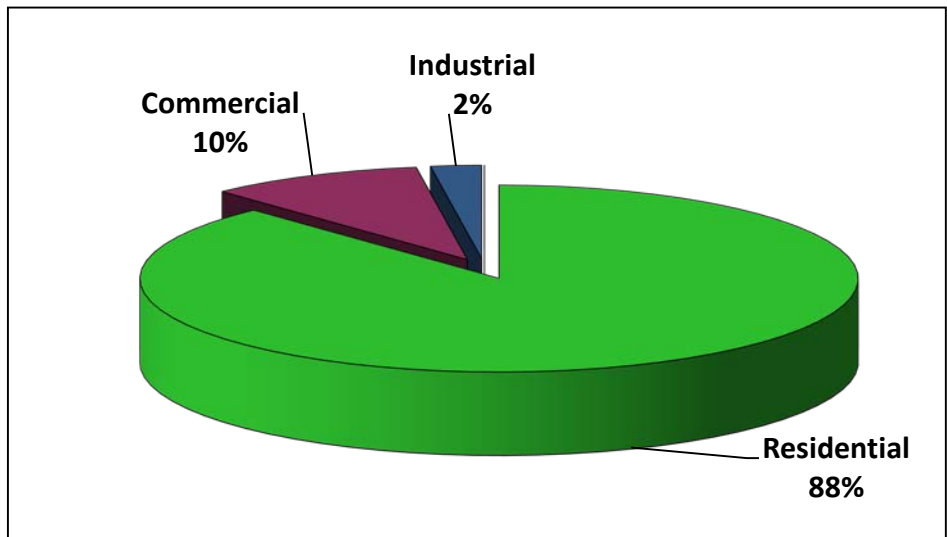
State Average Revenue Distribution

The averages indicate that property tax is the primary source of revenue for most school districts in the State of Illinois. However, the state average also indicates a much lower percent of revenue.



Property Tax Base

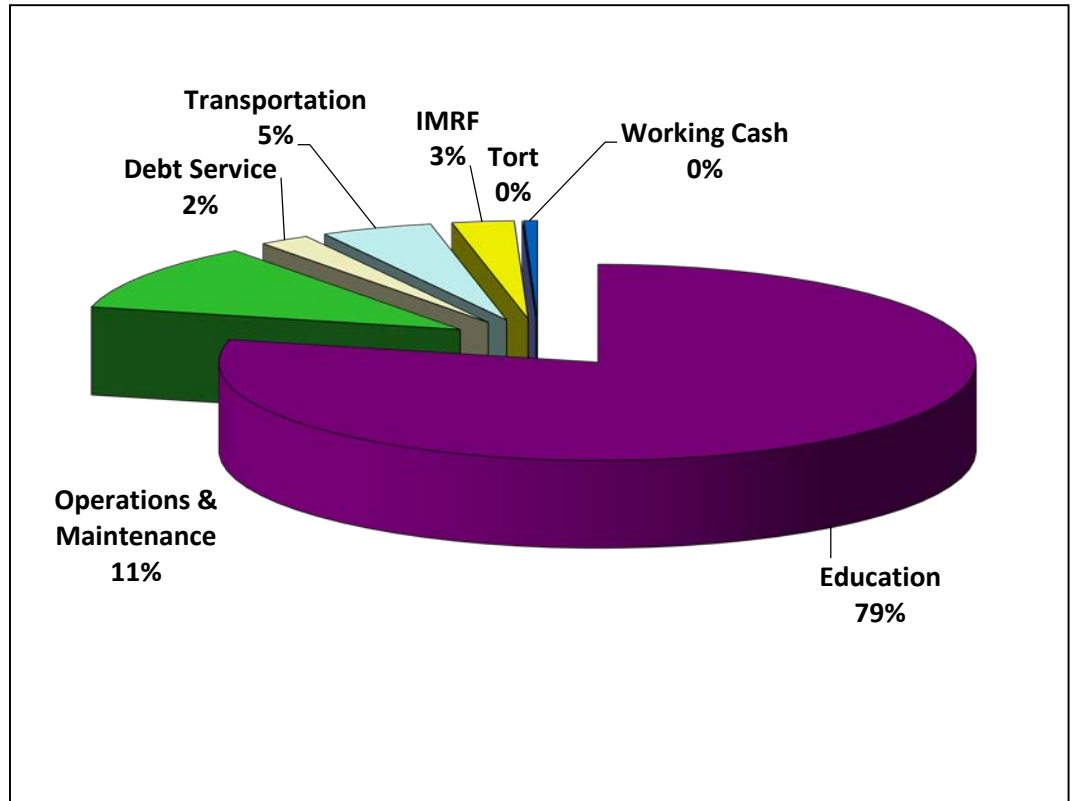
Bloomington School District 13 has the good fortune of a strong property tax base. The Equalized Assessed Valuation for the District indicates that there is a strong reliance on residential property, as the chart (right) illustrates.



Expenditures – By Fund and Object

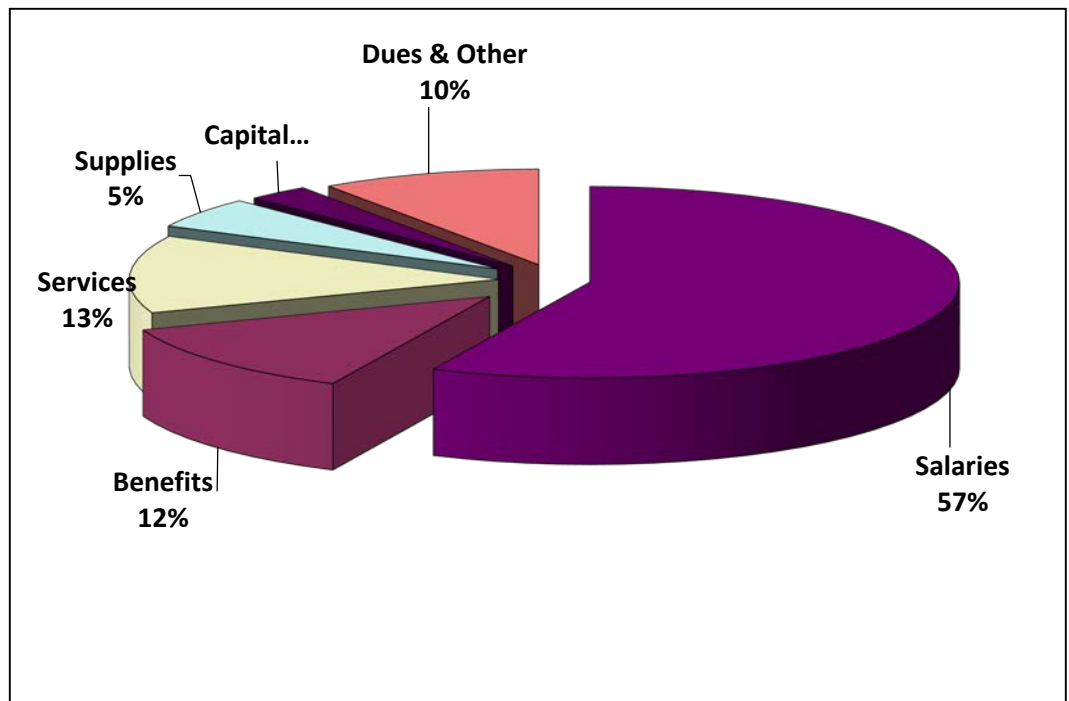
Expenditures by Fund

The Bloomingdale 13 Budget is divided into seven categories, which are called funds. Each fund is established for a specific purpose or function. Schools can expend only the money available in each fund. Unless prescribed by law, money received in one fund cannot be used for expenses in another fund. The Education Fund is the District's largest fund. It contains 79% of all expenditures, which equates to approximately \$16,348,000. The next largest fund is the Operation and Maintenance Fund, and then the Transportation Fund.



Expenditures by Object

When expenditures are considered by type, rather than fund, they are called objects. The largest object expenditure is salaries, which contains 57% of all expenditures, approximately \$11,800,000. The second largest object is benefits. Together, these objects equal 69% of the District's entire budgeted expenditures.



Bloomington School District 13
Tentative Budget - Summary
Fiscal year 2022-2023

			Operating Fund						Non-Operating	
	% of Budget	Total Operating	Education	Operation & Maint	Transportation	IMRF	Working Cash	Tort	Debt Service	Capital Projects
Estimated Beginning Fund Balances		12,757,578	5,552,578	2,145,026	1,251,657	591,828	2,677,955	538,534	86,625	238,961
REVENUES										
Property Tax	85.3%	18,307,431	14,441,194	2,320,244	715,807	585,718	193,563	50,905	431,746	0
CPPRT	0.4%	94,000	80,000	0	0	14,000	0	0	0	0
Interest	0.0%	7,435	5,000	850	450	200	800	135	32	50
Other Local Revenue	2.4%	514,600	425,000	71,600	18,000	0	0	0	0	0
State Programs	5.4%	1,167,065	896,761	50,000	220,304	0	0	0	0	0
Federal Programs	6.4%	1,373,447	1,032,807	340,640	0	0	0	0	0	0
Total	100.0%	21,463,978	16,880,762	2,783,334	954,561	599,918	194,363	51,040	431,778	50
EXPENDITURES										
Salaries	57.4%	11,818,883	11,003,058	802,143	13,683	0	0	0	0	0
Benefits	12.7%	2,614,756	1,955,812	106,229	4,502	548,214	0	0	0	0
Purchase Services	13.4%	2,758,138	902,240	771,640	970,500	0	0	113,758	0	0
Supplies and Materials	5.3%	1,099,792	737,092	362,700	0	0	0	0	0	0
Capital/Non-Capital	2.8%	574,360	90,000	484,360	0	0	0	0	0	0
Dues and Other	7.7%	1,589,950	1,589,950	0	0	0	0	0	447,634	0
Retirement Incentives	0.6%	130,000	70,000	60,000	0	0	0	0	0	0
Total	99.4%	20,585,879	16,348,151	2,587,072	988,685	548,214	0	113,758	447,634	0
Surplus/(Deficit)		878,099	532,611	196,263	(34,124)	51,704	194,363	(62,718)	(15,856)	50
Transfer (Uses)		(22,600)	(22,600)	0	0	0	0	0	0	0
Transfer Sources/Sale of bonds		0	0	0	0	0	0	0	22,600	0
Estimated Ending Fund Balances		13,613,077	6,062,589	2,341,289	1,217,533	643,532	2,872,318	475,816	93,369	239,011
Expenditure to Fund Balance Ratio		66%	37%	90%	123%	117%	N/A	418%	21%	N/A

Summary of Funds

Operating Funds

This is an operating funds summary report, which is made up of the Education Fund, Operation and Maintenance Fund, Transportation Fund, IMRF/Social Security Fund, Working Cash Fund, and Tort Fund. The District is expected to yield balanced budget.

Revenues	Amount	Expenditures	Amount
Property Tax	18,307,431	Salaries	11,818,883
CPPRT	94,000	Benefits	2,614,756
Interest	7,435	Services	2,758,138
Other Local Revenue	514,600	Supplies and Materials	1,099,792
State Programs	1,167,065	Capital/Non-Capital	574,360
Federal Programs	1,373,447	Dues and Other	1,589,950
		Retirement Incentives	<u>130,000</u>
Total Revenue	<u><u>21,463,978</u></u>	Total Expenditures	<u><u>20,585,879</u></u>

Projected Fund Balance at 07/01/23	12,757,578
Surplus / (Deficit)	878,099
Transfers (uses)	(22,600)
Transfers (sources)	<u>0</u>
Projected Fund Balance at 06/30/23	<u><u>13,613,077</u></u>
Expenditure to Fund Balance Ratio	66%

Education Fund

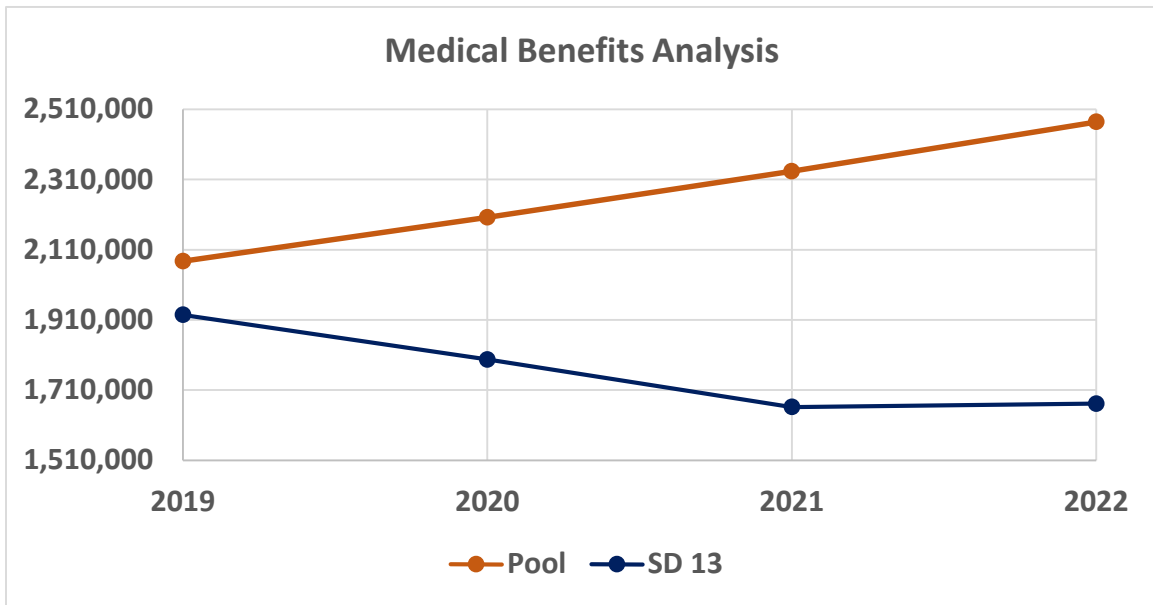
The Education Fund is a major fund of Bloomingdale School District 13 and supports all of the educational programs. As mentioned in the previous section, the Education Fund is the District's largest fund. It contains approximately 80% of the District's financial activity. Below are some financial comments regarding the Education Fund:

Overall, the Education Fund is expected to produce a balanced budget as the schedule below reveals.

Revenues	Amount	Expenditures	Amount
Property Tax	14,441,194	Salaries	11,003,058
CPPRT	80,000	Benefits	1,955,812
Interest	5,000	Purchase Services	902,240
Other Local Revenue	425,000	Supplies and Materials	737,092
State Programs	896,761	Capital/Non-Capital	90,000
Federal Programs	1,032,807	Dues and Other	1,589,950
		Retirement Incentives	70,000
Total Revenue	16,880,762	Total Expenditures	16,348,151
Projected Fund Balance at 07/01/23	5,552,578		
Surplus / (Deficit)	532,611		
Transfers (uses)	(22,600)		
Transfers (sources)	0		
Projected Fund Balance at 06/30/23	6,062,589		
Expenditure to Fund Balance Ratio	37%		

Education Fund Budget Highlights

Benefits: The District for the 3rd year in a row has received a renewal of 0% blended rate for medical insurance. This is a direct result of the District having a direct relationship with BCBS of Illinois. For budgeting purposes, the budget will assume a 3% increase.



Year	Savings
2019	\$152,507
2020	\$404,298
2021	\$671,987
2022	\$802,400
Total	\$2,031,192

Operations and Maintenance Fund

The Operations and Maintenance Fund (O&M) is the District's second largest operating fund. It contains approximately 11% of the District's financial activity. The fund supports the daily operations of all facilities. Expenditure items include daily cleaning, repairs, custodial salaries, utilities and capital projects.

Revenues	Amount	Expenditures	Amount
Property Tax	2,320,244	Salaries	802,143
CPPRT	0	Benefits	106,229
Interest	850	Purchase Services	771,640
Other Local Revenue	71,600	Supplies and Materials	362,700
State Programs	50,000	Capital/Non-Capital	484,360
Federal Programs	340,640	Dues and Other	0
		Retirement Incentives	60,000
Total Revenue	2,783,334	Total Expenditures	2,587,072

Projected Fund Balance at 07/01/23	2,145,026
Surplus / (Deficit)	196,263
Transfers (uses)	0
Transfers (sources)	0
Projected Fund Balance at 06/30/23	2,341,289
Expenditure to Fund Balance Ratio	90%

Debt Service Fund

The Debt Service Fund (formerly known as the Bond and Interest) allocates revenue and expenditures to handle the District's debt. The debt is usually in the form of principal and interest payments for prior bond issuances. The bonds are in the form of working cash, life safety, capital improvement, or building bonds. The District also pays its capital lease for the copiers from this fund. Last year, the District refinance its bonds and restructured some of its debt.

Revenues	Amount	Expenditures	Amount
Property Tax	431,746	Salaries	0
CPPRT	0	Benefits	0
Interest	32	Purchase Services	0
Other Local Revenue	0	Supplies and Materials	0
State Programs	0	Capital/Non-Capital	0
Federal Programs	0	Bond Payments	447,634
Total Revenue	431,778	Total Expenditures	447,634

Projected Fund Balance at 07/01/23	86,625
Surplus / (Deficit)	(15,856)
Transfers (uses)	0
Transfers (sources)	22,600
Projected Fund Balance at 06/30/23	93,369
Expenditure to Fund Balance Ratio	21%

Debt Service Fund Debt Schedules

Below is the annual amortization of all debt outstanding as of June 30, 2023, including interest payments.

Year Ending	Bonds Refinanced in 2019	
June 30,	Principal	Interest
2023	355,000	70,125
2024	330,000	57,500
2025 - 2035	1,715,000	315,975
Totals	2,400,000	443,600

Year Ending	Capital Lease (Copiers)	
June 30,	Principal	Interest
2023	21,940	569
Totals	21,940	569

Transportation Fund

The Transportation Fund supports the student transportation program. Revenue from the fund is received via property taxes and general state aid for transportation. Over the years, transportation state funding ratio has decreased. The decrease is a direct result of the Governor in 2012 vetoing the line item to return funding back to the prior year amounts. As result of this action, transportation funding has never recovered to past levels and has seen over a 40% reduction.

Services: This mainly is comprised of our outside bus service. This line item has been projected at 8% increase, based upon experience and proposals.

Revenues	Amount	Expenditures	Amount
Property Tax	715,807	Salaries	13,683
CPPRT	0	Benefits	4,502
Interest	450	Purchase Services	970,500
Other Local Revenue	18,000	Supplies and Materials	0
State Programs	220,304	Capital/Non-Capital	0
Federal Programs	0	Dues and Other	0
Total Revenue	954,561	Total Expenditures	988,685
Projected Fund Balance at 07/01/23	1,251,657		
Surplus / (Deficit)	(34,124)		
Transfers (uses)	0		
Transfers (sources)	0		
Projected Fund Balance at 06/30/23	1,217,533		
Expenditure to Fund Balance Ratio	123%		

Retirement Fund

There are components of the Retirement Fund for Bloomingdale School District 13. They are the Illinois Municipal Retirement Fund and F.I.C.A./Medicare Fund.

Illinois Municipal Retirement Fund

This fund supports the pension program for the non-certified employees. The District is required to contribute to this program if an employee works over 600 hours per year. Each year the contribution rate is set based on experience. It is funded only via tax levy and also a percentage set by law of Corporate Personal Property Replacement Taxes.

F.I.C.A. and Medicare Fund

The District has to pay a Social Security rate of 6.2% for non-certified salaries from this fund. The District, for the most part, pays a Medicare rate of 1.45% for both certified and non-certified staff.

Benefits: Are the largest line item in this fund. The assumption for this fund is to use an employer IMRF rate of 14.02%. All other benefits will increase proportionally to their respective salary associated accounts.

Revenues	Amount	Expenditures	Amount
Property Tax	585,718	Salaries	0
CPPRT	14,000	Benefits	548,214
Interest	200	Purchase Services	0
Other Local Revenue	0	Supplies and Materials	0
State Programs	0	Capital/Non-Capital	0
Federal Programs	0	Dues and Other	0
Total Revenue	599,918	Total Expenditures	548,214

Projected Fund Balance at 07/01/23	591,828
Surplus / (Deficit)	51,704
Transfers (uses)	0
Transfers (sources)	0
Projected Fund Balance at 06/30/23	643,532
Expenditure to Fund Balance Ratio	117%

Capital Projects Fund

The Capital Projects Fund are expenditures which would ordinarily be charged to the Operations and Maintenance Fund or Education Fund, include the actual construction costs, builder's risk insurance, purchase of land and other site costs, landscaping, parking lots, sidewalks, utility connections, etc., and other items directly related to the capital project

Revenues	Amount	Expenditures	Amount
Property Tax	0	Salaries	0
CPPRT	0	Benefits	0
Interest	50	Purchase Services	0
Other Local Revenue	0	Supplies and Materials	0
State Programs	0	Capital/Non-Capital	0
Federal Programs	0	Dues and Other	0
Total Revenue	50	Total Expenditures	0

Projected Fund Balance at 07/01/23	238,961
Surplus / (Deficit)	50
Transfers (uses)	0
Transfers (sources)	0
Projected Fund Balance at 06/30/23	239,011
Expenditure to Fund Balance Ratio	N/A

Working Cash Fund

The Working Cash Fund can be used for internal borrowing. Internal borrowing usually occurs because of late property tax collections and/or low fund balances. It is also permissible to abate or permanently transfer funds from the Working Cash Fund to the fund most in need. The District can use this fund for cash flow purposes. This fund can act like the District’s “savings” account.

Revenues	Amount	Expenditures	Amount
Property Tax	193,563	Salaries	0
CPPRT	0	Benefits	0
Interest	800	Purchase Services	0
Other Local Revenue	0	Supplies and Materials	0
State Programs	0	Capital/Non-Capital	0
Federal Programs	0	Dues and Other	0
Total Revenue	194,363	Total Expenditures	0

Projected Fund Balance at 07/01/23	2,677,955
Surplus / (Deficit)	194,363
Transfers (uses)	0
Transfers (sources)	0
Projected Fund Balance at 06/30/23	2,872,318
Expenditure to Fund Balance Ratio	N/A

Tort Immunity Fund

The Tort Immunity Fund supports all risk management activities in District 13. The only expenditures are our premiums for the commercial insurance package and workers' compensation.

Services: This line item is made up of our commercial and workers' compensation insurance premiums.

1. The budget assumes that there will be a 2% decrease in worker compensation premiums.
2. The budget assumes that there will be a 9% increase in property and casualty premiums

Revenues	Amount	Expenditures	Amount
Property Tax	50,905	Salaries	0
CPPRT	0	Benefits	0
Interest	135	Purchase Services	113,758
Other Local Revenue	0	Supplies and Materials	0
State Programs	0	Capital/Non-Capital	0
Federal Programs	0	Dues and Other	0
Total Revenue	51,040	Total Expenditures	113,758

Projected Fund Balance at 07/01/23	538,534
Surplus / (Deficit)	(62,718)
Transfers (uses)	0
Transfers (sources)	0
Projected Fund Balance at 06/30/23	475,816
Expenditure to Fund Balance Ratio	418%

Key Assumptions

And

Strategic Goal

Key Assumptions

(Note): No provisions were made relative to potential legislative changes to public pension systems or the property tax freeze, but both will need to be considered when making long-term financial decision.

Revenues:

Revenue budgets reflect a lower confidence level of certainty, when compared to past years. The confidence is low because of the current pandemic that could have a severe effect on revenue collections. To establish revenue budgets, the District relies on historical activity as well as the ongoing monitoring of legislative activities.

Property Tax: Assumptions are based on estimates developed as part of the levy adoption process and has historically assumed a 98.75% collection rate. This year the budget will assume a 99.00% collection rate. Because the levy is based on a calendar year and our budget is on a fiscal year, the budget requires us to consider a portion of two levy years (2021 and 2022). A portion of this budget will be developed from the 2021 levy and a CPI of 1.4%. For the 2022 levy this budget will use 7.0% CPI, but because of PTELL, we will only capture 5.0%. We continue to monitor on a monthly basis the Consumer Price Index (CPI). At the time of this report, new property is an unknown quantity and budget assumes this amount to remain flat. New property is important to consider as with the extension it is outside the “tax cap” (PTELL) calculation.

Corporate Personal Property Replacement Tax (CPPRT): Revenues collected by the State of Illinois are paid to local governments to replace money that was lost by local governments when their powers to impose personal property taxes on corporations, partnerships, and other business entities were taken away. Our budget assumption is based on estimates provided by the Illinois Dept. of Revenue (IDOR). Current assumption is that CPPRT will remain flat.

Interest: With interest rates increasing and based upon our investment strategies, the budget will assume that interest income will have a slight increase. Because the Feds have been raising interest rates

Other Local Revenue: Mainly consist of registration fees, facility rental income and developer contributions. The District will assume keep this revenue source flat.

State: The State of Illinois is faced with a \$16 billion short fall in state revenues. Although the legislature has indicated a flat revenue source for school districts. However, with the stimulus money, the budget will assume a 0% reduction in payments. History has shown that the State of Illinois has trouble making payment in a normal economic environment.

Federal: Federal grant funding payment processes moved to an expenditure reimbursement model effective during fiscal year 2011-12. Federal grant dollars will have a significant increase because of ESSER III. The District has been allocated \$623,000 of new funds.

Key Assumptions (continued)

Expenditures:

Salaries: Salary budgets reflect staffing for the 2021-2022 fiscal year. Salaries are typically budgeted based on contracted and negotiated agreements for existing staff and assumed contract amounts for new positions based upon projected enrollment. The collective bargaining agreement has an average of 4.2% increase for teacher's salaries. The budget will assume a 4.5% increase in overall salaries, based upon the staffing plan presented. However, since the staffing plan had been presented, there have been a number of positions added and there are discussions of adding even more positions.

Benefits: The budget assumes an overall 4.5% to the District's health insurance plans (HMO, PPO and dental). Health insurance is the District largest benefit expense. The District's Employee Insurance Committee will continue to work diligently to educate staff on the importance of wellness and consumerism. Last September, I presented a historical perspective on the District's benefit trend data. I included this chart in this presentation too.

Purchase Services: This budget assumes there will be a commitment to professional development, and enhancing technology for the 21st century student learning. However, the budget will keep this line flat with a 0% increase.

Supplies and Materials: The budget assumes a supplies and materials will remain flat or have a 0% increase.

Capital Outlay/Non-Capital: Assumes an increase for providing a safe learning environment for the students primarily through buildings and grounds. In addition, this year we are attempting to incorporate a long-term strategy for purchasing Chromebooks and technology infrastructure items.

Dues and Other: NDSEC Dues are the largest portion of this budget, which is managed by the Director of Student Services. At the time of this report, The Director of Student Services still had provided a presentable information. As a result, the District will assume the same budgetary numbers as the prior year.