



Executive Summary Finance Committee Meeting

DATE: August 22, 2024

TOPIC: Budget for Fiscal Year 2025

PREPARED BY: Courtney Whited

Recommended for:

- Action
- Discussion
- Information

Purpose

Annually, the Board of Education must adopt the School District Budget. The FY25 Budget will be presented September 5, 2024 for formal adoption at the Public Hearing held during the Board of Education meeting.

Background

Revenues: \$33,795,000

Real estate taxes account for 84.1% of total anticipated revenue. The District may receive approximately \$28,432,547 from local property taxes, scheduled to arrive on the traditional August 1st date followed by the March 1, 2025 payment.

The District anticipates receiving \$2,656,023, approximately 7.9% of its revenue, from local sources primarily stemming from fees, tuition, interest and personal property replacement taxes.

State-derived funds account for 5.4% of total revenue. The majority of this \$1,841,000 will come from the Evidence Based Funding formula and the Transportation Claim.

Federal revenues of \$865,430 account for 2.6% of total revenue which is less than the recent three years when COVID-related Elementary and Secondary School Emergency Relief Parts I-III were collected.

Expenditures: \$37,364,000

Salaries & Benefits

Overall, salaries are expected to be \$17,004,144 which is 4.9% above last year's actual amount of \$16,210,409. The Business Office conducted an in depth review of all salaries because this object represents 45.5% of the total planned expenditures. The prominent factors influencing this estimate are teachers' salary schedule level and class advancements, the 3% raises for returning LSSU members, four additional positions, six recent retirements, three teachers added to the retirement track, new hires for resignations, and the anticipation of fully staffing the open paraprofessional positions.

As for benefits, PPO medical insurance increased by 5.3%, HMO medical increased by 6.8%, dental increased by 6.3%, and life insurance remained the same. Long-term disability and flexible spending account fees remain unchanged. Percentages related to the District's share of TRS, THIS, Medicare and Social Security will also remain stable. TRS on federally-funded salaries is now 10.34% instead of 10.6%. The District's IMRF rate will increase on January 1, 2025 from 7.93% to 8.10%. The overall cost of benefits is estimated to be up 11.8% to \$3,685,295. It will not likely increase up to the 11.0% mark because there is ample room for new employees' medical/dental insurance elections that may not occur.

Purchased Services

At \$4,660,527, the approximate 5.8% increase in purchased services corresponds to increased capital and life safety projects for which architect/engineering and contractor services will be required, rising transportation costs and workers' compensation and property/casualty/liability insurance costs.

Supplies & Materials

Expenditures are projected to be \$1,621,025 which is an 8.0% increase. Approximately \$44,000 would be covered by grant funds. Curriculum materials, natural gas and electricity will be the substantial expenses in this object category.

Capital Outlay

Primarily due to planned Capital and Health Life Safety facilities projects, the FY25 capital outlay budget is anticipated to be \$5,123,872. An estimated \$50,000 is scheduled to be covered by grant funds.

Dues & Fees/Debt Payments

FY25 principal and interest payments of \$1,715,000 for the 2015, 2016, 2018, and 2021 series bonds are essentially the same as the \$1,805,725 SD74 paid in FY24. In addition, Niles Township District for Special Education #807 invoices will likely increase due to pupil counts and placements. Overall, expenditures from this object are projected to total \$4,680,958 which is 9.3% more than FY24 actual expenditures of \$4,284,727.

Non-Capitalized Equipment

\$182,750 is 75% more than last year's \$104,462 in actual expenses. The expenditures are anticipated to be higher due to Technology purchases throughout the District.

Termination Benefits

\$405,429 is 1.9% less than the FY24 expenditures. Two retirees' insurance plans terminate this fiscal year. There is one new retiree who began receiving the post-employment benefits offered in the 2021-2025 LTA Contract. However, the service recognition benefit pay and THIS insurance rates have increased along with the anticipated costs associated with three support staff retirees.

Fund Balance

As of June 30, 2024 the fund balance was \$31,185,079. The projected fund balance for June 30, 2025 is \$27,616,079 which is \$3,569,000 less. The District intends to spend down the fund balance, primarily because of the Board-approved capital and health life safety projects finishing this summer and those likely to begin next summer. The Illinois State Board of Education Budget Form indicates SD74 will be submitting a balanced budget.

General Comments

The legal process to adopt a budget requires public notice to the general public. Such notice was published July 25, 2024 for the September 5, 2024 Public Hearing at the Board of Education meeting. Changes to the Tentative Budget were made before August 1, 2024 when it was posted online and available to the public for viewing at the District Office.

Some developments in staffing created the bulk of the 25% Administrative Cost “red flag” which is well beyond the 5.0% limit set by Section 17-1.5 of the School Code. There is a waiver application available to file with the Illinois State Board of Education. ISBE annually publishes a list of districts that exceed the limitation.

Fiscal Impact

\$31,185,079 Beginning Fund Balance July 1, 2024

+\$33,795,000 Budgeted Revenues

-\$37,364,000 Budgeted Expenditures

\$27,616,079 Anticipated Ending Fund Balance on June 30, 2025

Please see the attached FY25 ISBE Budget form for complete details.

Recommendation:

The Finance Committee concurs with the Administration to recommend to the Board of Education to adopt the Fiscal Year 2025 Budget after the Public Hearing at the Board of Education meeting on September 5, 2024.