

Presentation of Tentative Budget

Fiscal Year Ending
June 30, 2023

Date: August 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 |

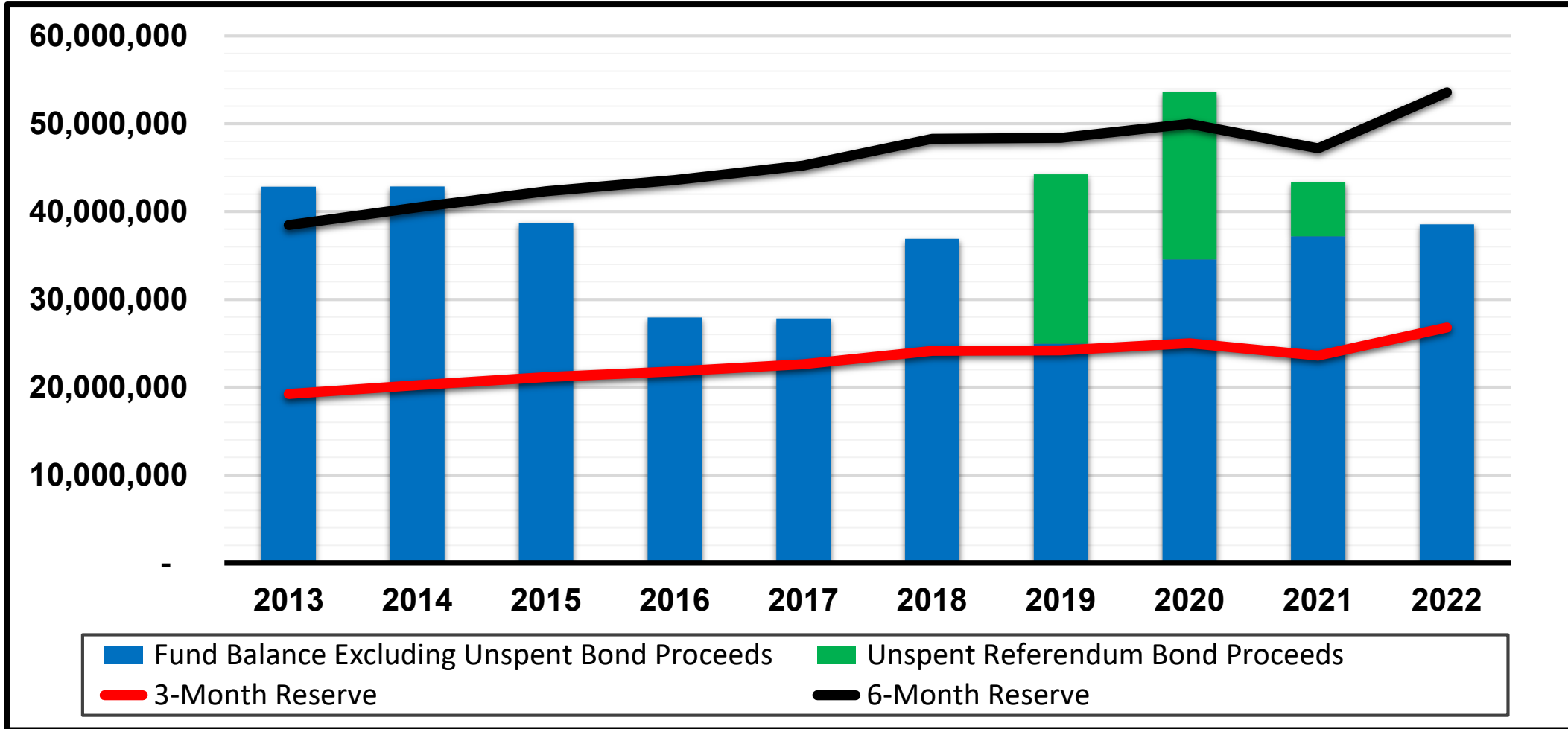


Major Goal for Budget Development

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)



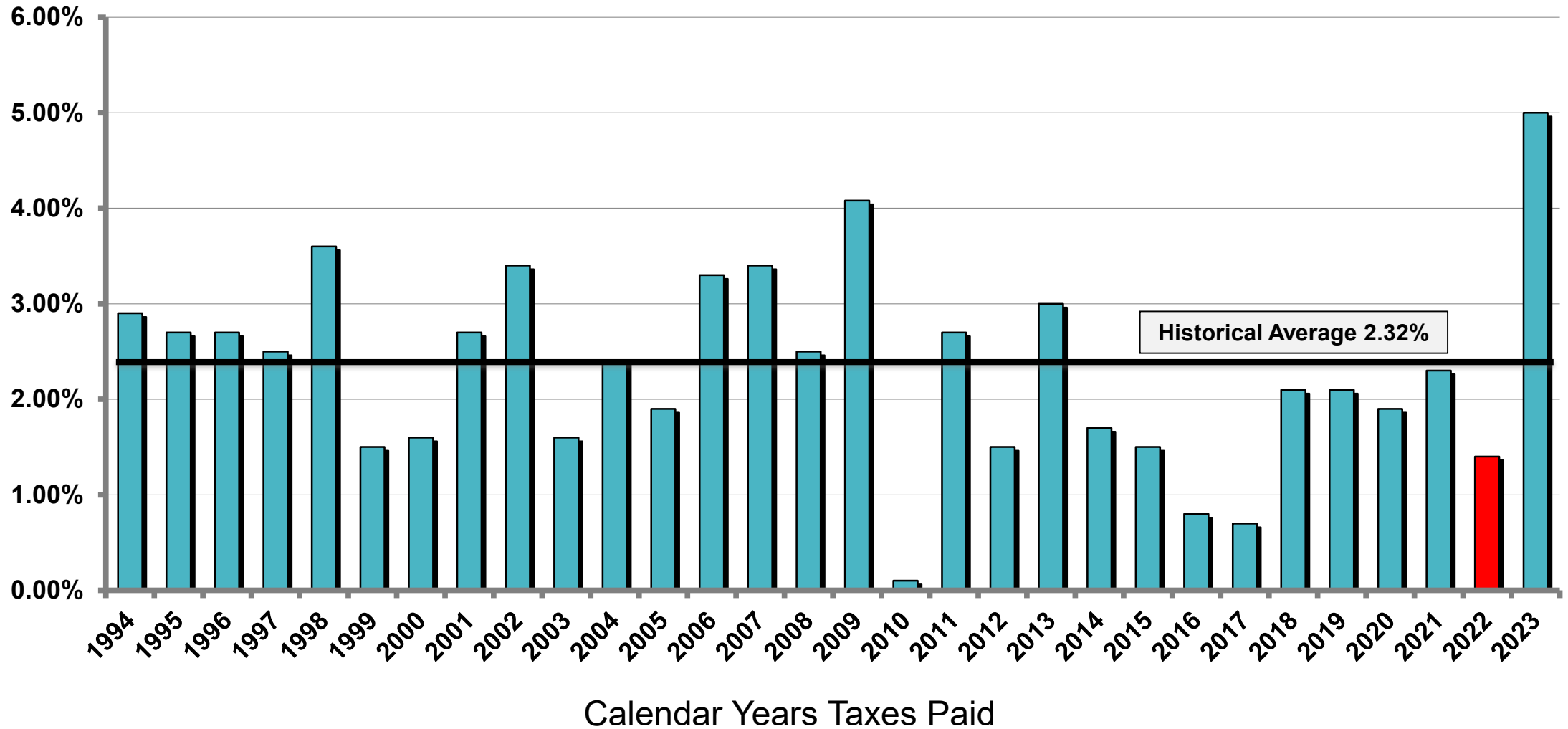
The District has a fund balance policy with targeted fund balances equaling 3-6 months worth of reserves. D97 currently has approximately 4.3 months worth of reserves.



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 |

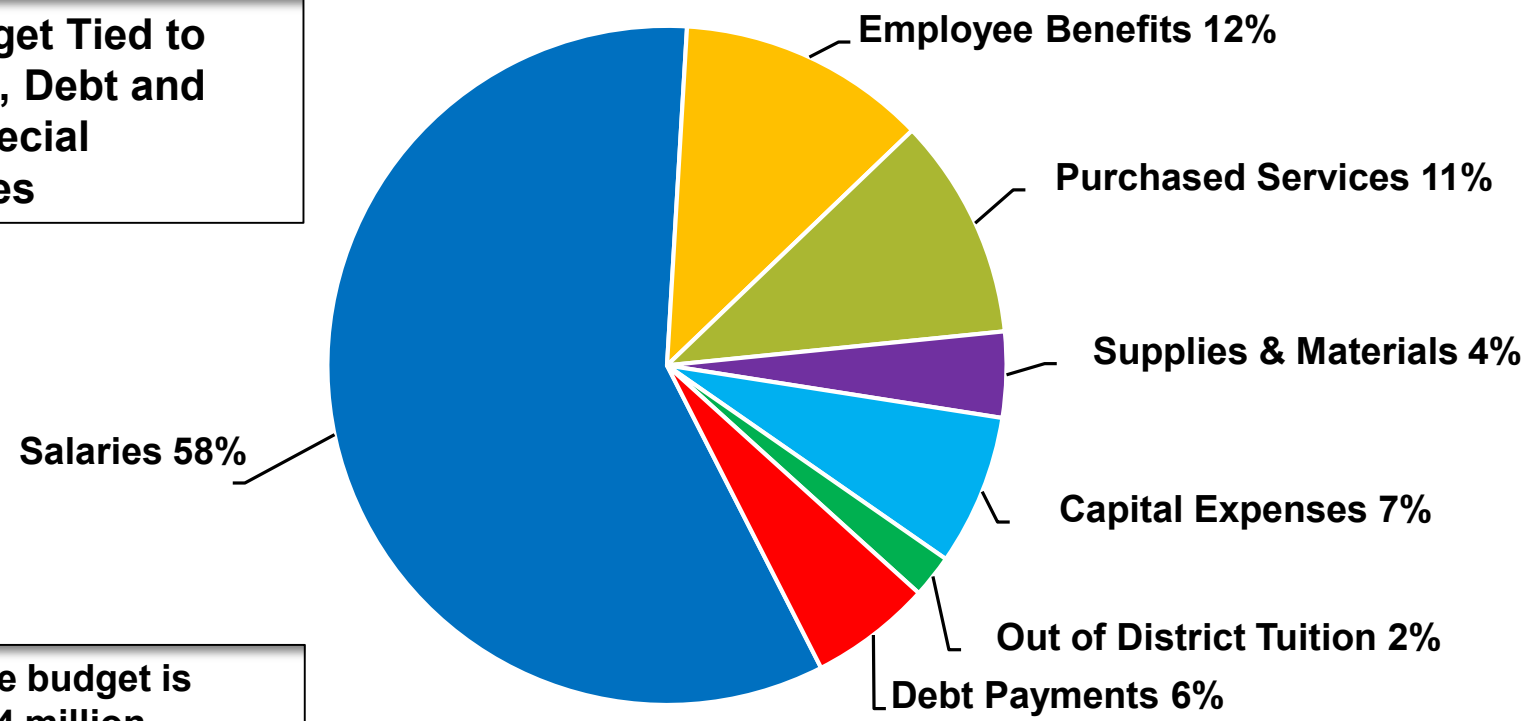


Major Drivers of FY 2023 Budget Expenditures

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
- **Cook County Second Installment Tax Bills will be significantly delayed in 2022**
 - Payment deadline for second-installment bills could potentially be December or early 2023. Deadlines are normally due in August.
 - Over \$40 million of property tax revenue (35% - 40% of the overall revenue budget) is affected
 - D97 is working with external financial investment advisors to analyze our FY 23 cash flow needs. Short-term borrowing may be needed depending on when the bills are issued. D97 is waiting on estimated pricing of interest costs and fees from our Bond consultant. However, it is not expected to have a significant impact on the overall budget should it be deemed necessary to move forward with the issuance.

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.



Tentative Budget

**Fiscal Year Ending
June 30, 2023**

Tentative Budget – FY 2023

Cash Basis

| | Beginning Balance | Revenues | Expenses | Transfers | Ending Balance |
|------------------------|----------------------|-----------------------|-----------------------|--------------------|----------------------|
| Education | \$ 21,548,751 | \$ 92,479,964 | \$ 90,555,224 | \$ (342,075) | \$ 23,131,416 |
| Building | 4,481,083 | 14,489,000 | 9,556,885 | (2,700,000) | 6,713,198 |
| Debt Service | 4,306,071 | 4,296,500 | 4,439,350 | 342,075 | 4,505,296 |
| Transportation | 1,936,198 | 4,404,500 | 4,492,042 | - | 1,848,656 |
| IMRF/SS | 1,614,800 | 1,999,440 | 2,935,567 | - | 678,673 |
| 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 | 117,772,804 | 111,979,068 | (8,000,000) | 38,422,860 |
| 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 | \$ 117,773,404 | \$ 121,837,915 | \$ - | \$ 38,781,194 |

Operating revenues are projected to exceed expenses by \$5.9 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 million (\$2.2 million operating; \$1.8 million capital). The projected \$38.8 million ending fund balance is an increase of \$1.1 million compared to the FY 22 budgeted fund balance of \$37.7 million and would result in approximately 3.8 months of operating reserves.

Tentative 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 | \$ 88,331,543 |
| Other local Revenues | 7,643,000 | 2,930,000 | 5,822,792 | 4,695,600 |
| 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 | 4,606,701 |
| 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 | \$ 117,773,404 |

Tentative Budget – Expenditures

Prior Years Comparison – Cash Basis

| | <u>FY 2020 Actual</u> | <u>FY 2021 Actual</u> | <u>FY 2022 Actual</u> | <u>Budget</u> |
|---------------------------------|-----------------------|-----------------------|-----------------------|----------------|
| Salaries | \$ 61,164,000 | \$ 61,974,000 | \$ 66,324,420 | \$ 68,986,328 |
| 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 | 5,204,594 |
| Capital Projects & Equipment | 24,751,000 | 16,418,000 | 16,991,223 | 12,834,913 |
| Debt Payments | 7,459,000 | 5,912,000 | 6,579,067 | 4,439,350 |
| Out of District Tuition & Other | 2,751,000 | 2,377,000 | 2,596,030 | 2,693,125 |
| Total Expenditures | \$ 122,594,000 | \$ 112,207,000 | \$ 122,606,201 | \$ 121,837,915 |

**End of
Presentation**

