

FINANCIAL OVERVIEW

2019-20 Tentative Budget



September 17, 2019

**Board of Education
Regular Meeting**

Prepared by:

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Introduction

The annual budget, as adopted by the Board of Education, sets the plan for accomplishing the financial goals of the District.

On August 20, 2019, the Board of Education will be presented with the 2019-20 Tentative Budget with a recommendation for review and a recommendation for approval at the regular Board of Education meeting on September 17, 2019. According to the Illinois School Code, the Board of Education is required to approve an annual budget by September 30th of each year.

Lastly, the Budget is designed to:

- Meet all requirements imposed by Illinois law and applicable rules;
- Provide expending and taxing authority by the District;
- Satisfy a level of financial information provided to the community by state, local and federal governments.

Budget Development

Zero-based budgeting (ZBB) was used in the creation of the Budget. ZBB is defined as a method of budgeting in which all expenses must be justified for each new fiscal year. It starts from a “zero base,” and every function within the District is analyzed for its needs and costs. The Budget is built around what is needed, regardless of whether the Budget is higher or lower than the previous year.

Each account was analyzed and detailed expenditures were inputted into an account in order to develop a sum for each account. The resulting sum has been inputted into Skyward, our financial software, and used to monitor expenditures.

The development of the Budget involved the following stakeholders:

- Assistant Superintendents;
- Directors and Department Heads;
- Principals and Building Administrators.

Revenue and Expenditures

Most transactions incurred by the District will either be a revenue or expenditure that will be recorded in the appropriate account based on its purpose.

Definitions

Revenue

A transaction that represents the receipt of cash without creating a liability or canceling an asset.

Sources of Revenue

Property Taxes: Money received from within the District's boundaries through the tax levy process

Other Revenue: Additional sources of revenues that are not classified as Property Taxes or from state of federal sources

State Revenue: Receipts received from the State of Illinois that may be for specific purposes or not.

Federal Revenue: Receipts received from the federal government that may be for specific purposes or not.

Expenditures

A transaction that usually represents the payment of cash or the establishment of an obligation.

Types of Expenditures

Salaries: Gross salary for personal services rendered while on the payroll of the district.

Benefits: Fringe benefits paid by the district on behalf of the employee.

Purchased Services: Amounts paid for personal services rendered by personnel who are not district employees, and other services that the district may purchase.

Supplies & Materials: Amount paid for material items of an expendable nature.

Capital Outlay: Amount paid for the acquisition of fixed assets or additions to fixed assets.

Other Objects: Amounts for goods and services not otherwise classified above.

Non-Capital Equipment: Items that would be classified as capital assets except that they cost less than the capitalization threshold adopted by the school board but more than \$500.

Termination Benefits: Limited solely to payments made to terminated or retiring employees as compensation for unused sick or vacation days.

Tax Levy

The amount of the District's need for property taxes as certified by the Board of Education's annual levy resolution in December.

Tax Extension

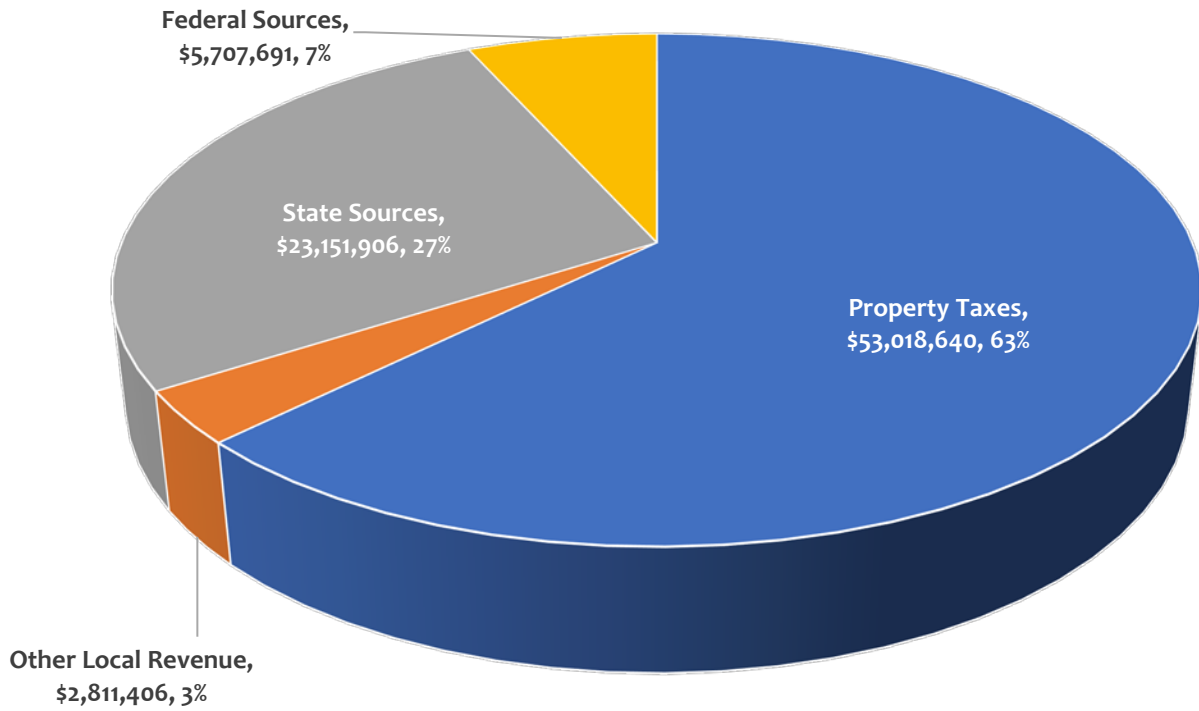
The process by which the County Clerk calculates the District's tax rate

Debt Limit

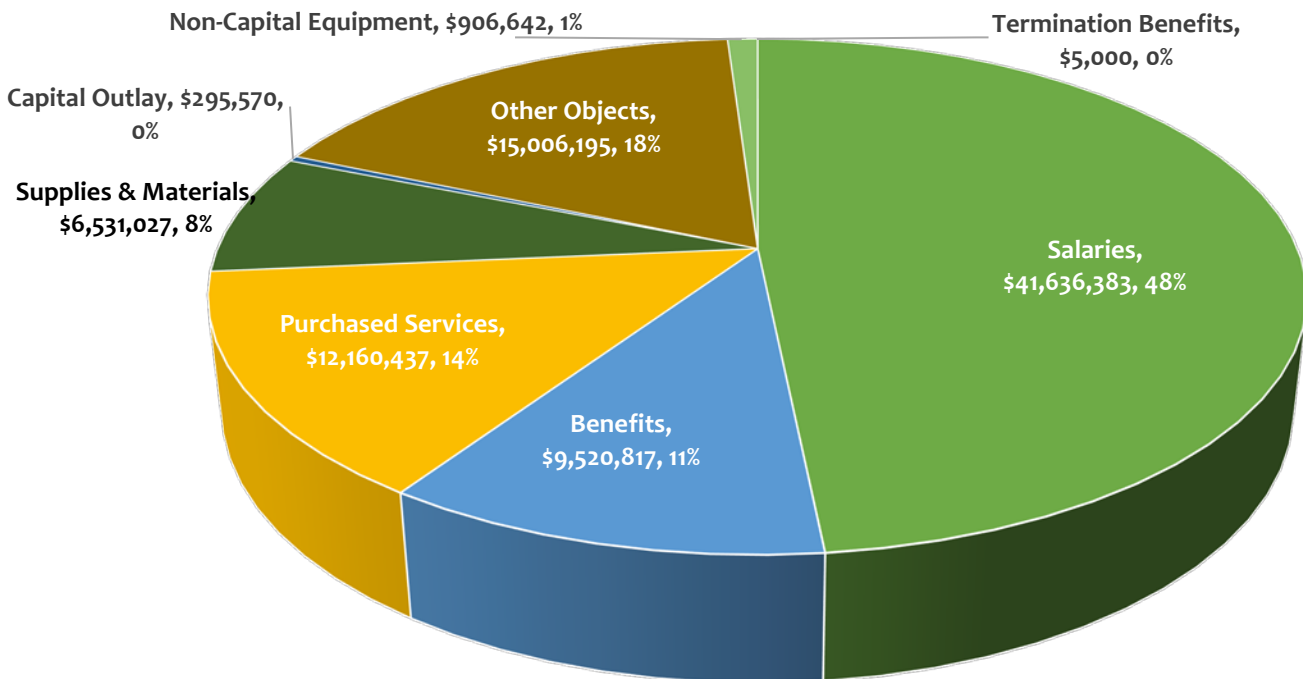
13.8% of the District's equalized assessed valuation. As of June 30, 2017, the District's statutory debt limit was approximately \$77 million with an outstanding bond principal of approximately \$57 million. This means that the District has the authority to sell an additional \$20 million in bonds.



Revenue (\$84,689,643)



Expenditures (\$86,062,071)



Crete-Monee School District 201U

Revenues & Expenditures: All Funds

| <u>Revenues</u> | <u>2016-17</u> Audited Year-End | <u>2017-18</u> Adopted Budget | <u>2017-18</u> Amended Budget | <u>2018-19</u> Tentative Budget | <u>2019-20</u> Tentative Budget |
|------------------------------------|------------------------------------|----------------------------------|----------------------------------|------------------------------------|------------------------------------|
| Property Taxes | \$ 46,110,882 | \$ 49,388,731 | \$ 50,138,732 | \$ 51,709,874 | \$ 53,018,640 |
| Other Local Revenue | \$ 3,364,035 | \$ 2,355,500 | \$ 2,908,308 | \$ 2,828,206 | \$ 2,811,406 |
| Revenue from State Sources | \$ 20,772,669 | \$ 16,174,000 | \$ 21,720,969 ¹ | \$ 21,941,801 ¹ | \$ 23,151,906 |
| Revenue from Federal Sources | \$ 4,672,336 | \$ 3,580,250 | \$ 4,918,352 | \$ 5,257,886 | \$ 5,707,691 |
| Total Revenue for All Funds | \$ 74,919,922 | \$ 71,498,481 | \$ 79,686,361 | \$ 81,737,767 | \$ 84,689,643 |

| <u>Expenditures</u> | <u>2016-17</u> Audited Year-End | <u>2017-18</u> Adopted Budget | <u>2017-18</u> Amended Budget | <u>2018-19</u> Tentative Budget | <u>2019-20</u> Tentative Budget |
|--|------------------------------------|----------------------------------|----------------------------------|------------------------------------|------------------------------------|
| Salaries | \$ 34,685,619 | \$ 36,075,594 | \$ 36,702,359 | \$ 39,446,446 | \$ 41,636,383 |
| Benefits | \$ 9,295,992 | \$ 7,748,460 | \$ 8,310,717 | \$ 8,977,728 | \$ 9,520,817 |
| Purchased Services | \$ 9,512,689 | \$ 11,362,489 | \$ 13,527,061 | \$ 11,463,361 | \$ 12,160,437 |
| Supplies & Materials | \$ 4,621,724 | \$ 5,066,015 | \$ 5,782,540 | \$ 6,205,242 | \$ 6,531,027 |
| Capital Outlay | \$ 8,198,818 | \$ 77,650 | \$ 847,312 | \$ 238,778 | \$ 295,570 |
| Other Objects (includes \$11.9 million debt service payment) | \$ 14,847,123 | \$ 15,413,355 | \$ 12,221,972 | \$ 14,780,174 | \$ 15,006,195 |
| Non-Capital Equipment | \$ 376,247 | \$ 280,971 | \$ 1,618,255 | \$ 424,312 | \$ 906,642 |
| Termination Benefits | \$ 43,644 | \$ 19,315 | \$ 21,000 | \$ 5,000 | \$ 5,000 |
| Total Revenue for All Funds | \$ 81,581,856 | \$ 76,043,849 | \$ 79,031,217 | \$ 81,541,041 | \$ 86,062,071 |
| Access/Deficit for All Funds | \$ (6,661,934) | \$ (4,545,368) | \$ 655,144 | \$ 196,726 | \$ (1,372,428) |

¹ State revenue includes a one-time receipt of categorical aid (\$2.3 million) from fiscal year 2017 that could not be accrued to fiscal year 2017.

2019-20 Department of Business Goals

Provide our students with equitable, safe, and well-maintained facilities
 Prioritize our financial resources to meet our short and long-term goals

Create the Superintendent's Facility Advisory Committee

Committee Members (14):

- | | | |
|---|---|---|
| 2 Board of Education members | 2 community members from the Village of Crete | 2 community members from the Village of Monee |
| 2 community members from the Village of Park Forest | 2 community members from the Village of University Park | Superintendent |
| Assistant Superintendent of Business/CSBO | Director of Building & Grounds | District Architect (Healy Bender Architects) |

Additional staff, consultants and community members will collaborate with the Committee as needed and recommended

- Develop a Facility Plan for the District to recommend to the Board of Education
- Monitor the progress of construction of the Facility Plan
- Review Facility Rental Policies for recommendation to the Board of Education

Create the Superintendent's Finance Advisory Committee

Committee Members (9):

- | | | |
|--|---|--|
| 2 Board of Education members | 1 community member from the Village of Crete | 1 community member from the Village of Monee |
| 1 community member from the Village of Park Forest | 1 community member from the Village of University Park | Superintendent |
| Assistant Superintendent of Business/CSBO | Financial Institution Representative (Old Plank Trail Bank) | |

A representative from PMA Financial Network will serve as an Advisor to the Committee and will attend meetings as needed or requested

Additional staff, consultants and community members will collaborate with the Committee as needed and recommended

- Create a financing plan for capital projects and the Facility Plan to recommend to the Board of Education
- Review the Facility Rental pricing and make recommendations to the Board of Education
- Review the possibility of eliminating Textbook Rental and Registration Fees to make a recommendation to the Board of Education
- Monitor Capital Project Budgets

Develop a 3-5 year financial projection of the District that produces a balanced budget

Develop a Facility and Financial Dashboards for our websites to provide transparency to our stakeholders

Create new Financial Board Reports

Crete-Monee School District 201U

Revenue & Expenditure Detail: All Funds

2019-20 Tentative Budget

Revenues - \$84,689,643

Revenue from Property Taxes

Estimated Spring 2019 property taxes using 1.9% CPI

Other Local Revenue

Revenue from Field Trips

Revenue from sport teams and activities

E-Rate Revenue at \$320,000

Revenue from State Sources

General State Aid at increased funding level (\$800,000)

Revenue from Federal Sources

Revenue = Expenditures protects reduction in funding

Expenditures (\$86,062,071)

Salaries

2019-20 CMEA and ACME Union Contract financial terms included

Recommended 3% Non-Union salary increase

Mental Health Counselors (4)

Director of Learning

Food Manager for High School

Increase FTE of Manufacturing Teacher (.5 - 1.0)

Increase Behavior Interventionist from .4 to .6 FTE

IT Senior Support Technicians

Data Base Systems Specialist and Trainer

Instructional Technology Specialist

Truancy Officer

Benefits

Increased level due to increase in salaries

No increase in Health or Dental Benefits

Purchased Services

Allowance for Professional Development for Board of Education members

Field trip expenditures in operational budgets

Year 1 of 4-Year Lease agreement for Teacher Laptops

SRO Officers: 1 at the middle school and 1 at the high school

Supplies & Materials

Supplies & Materials for JROTC Program

Supplies & Materials for Manufacturing Program

Increase in utilities at 5%

Activity expenditures in operational budgets - all schools

Capital Outlay

Purchase of white activity bus with primary use by MEC

Other Objects

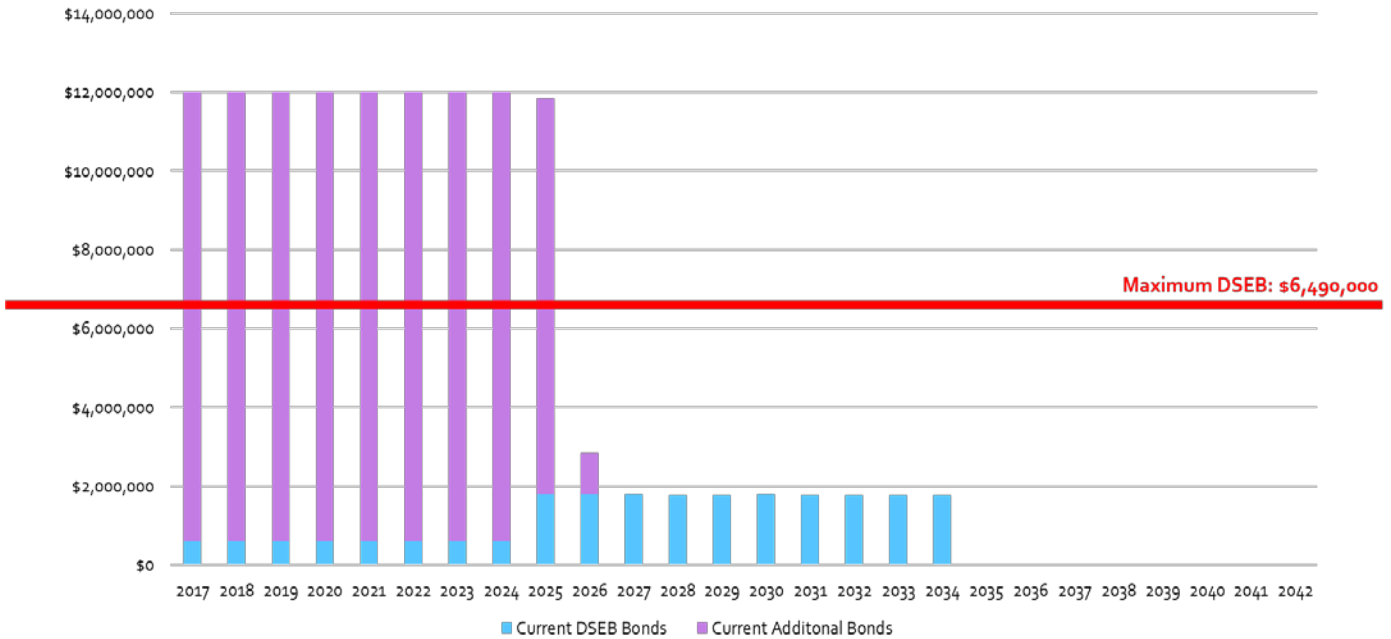
Bond and interest payment

Non-Capital Equipment

1:1 Chromebooks for middle school and high school (purchase; not a lease)

Termination Benefits (\$5,000)

Summary of Current Debt Service



4:20 Fund Balances

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

The School District seeks to maintain aggregate year-end fund balances that would be no less than the 25% percent of the total annual expenditures in each fund.

