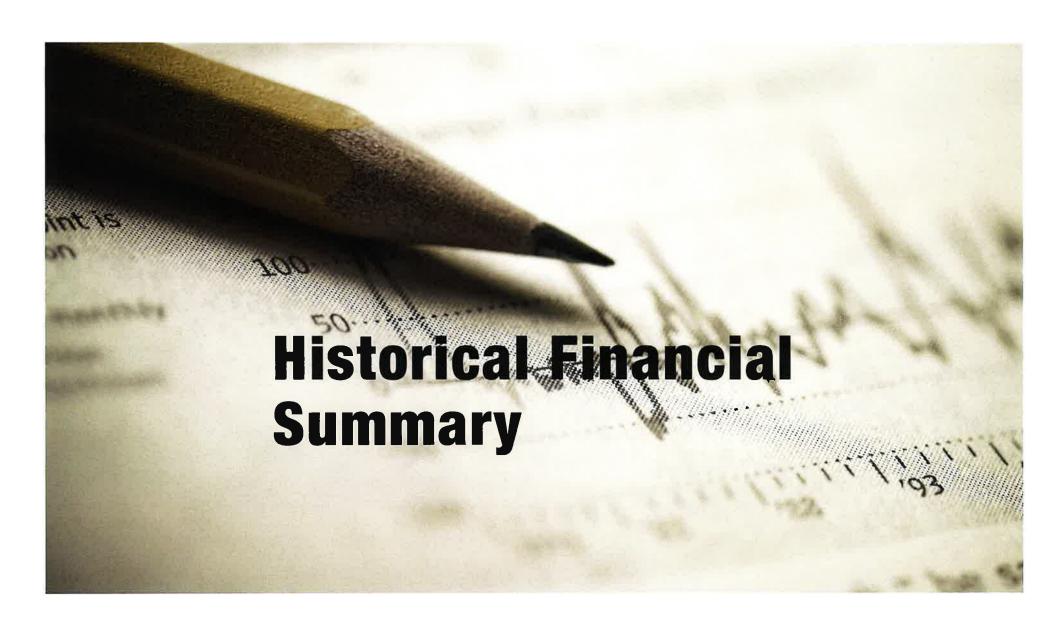


# COMMUNITY HIGH SCHOOL DISTRICT 117

PRESENTATION OF TENTATIVE BUDGET AND FINANCIAL PROJECTIONS

**AUGUST 2023** 





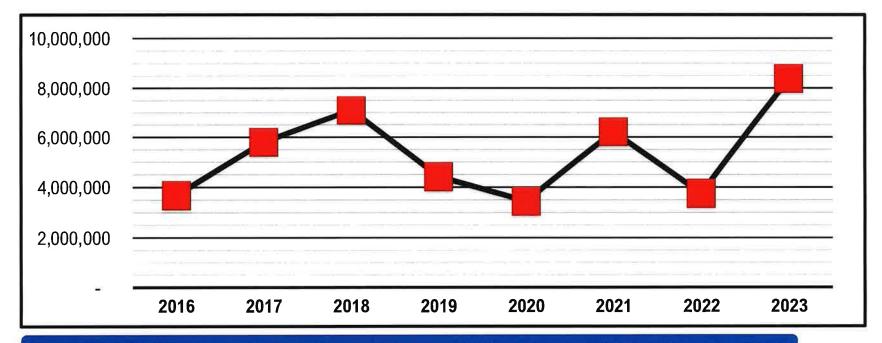
### **Preliminary Fiscal Results – FY 2023**

| Fund           | Beginning<br>Balance | Revenues     | Expenses     | Tran  | isfers | Ending<br>Balance |
|----------------|----------------------|--------------|--------------|-------|--------|-------------------|
| Education      | \$29,069,000         | \$45,026,000 | \$43,156,000 | \$ (5 | ,000)  | \$30,934,000      |
| Building       | 4,884,000            | 10,811,000   | 7,981,000    |       | 0      | 7,714,000         |
| Bond & Int.    | 0                    | 0            | 5,000        | · ·   | 5,000  | 0                 |
| Transportation | 2,030,000            | 5,190,000    | 4,537,000    |       | 0      | 2,683,000         |
| IMRF/SS        | 369,000              | 903,000      | 823,000      | ^     | 0      | 449,000           |
| Working Cash   | 897,000              | 105,000      | 0            |       | 0      | 1,002,000         |
| Tort           | 158,000              | 391,000      | 359,000      |       | 0      | 190,000           |
| Total          | \$37,407,000         | \$62,426,000 | \$56,861,000 | \$    | 0      | \$42,972,000      |

Despite \$2,821,000 in capital expenses charged to the building fund, total revenues exceeded expenses by \$5,565,000, resulting in total fund balances increasing to just under \$43 million.

### Revenues vs. Expenses (Non-Capital Surplus)

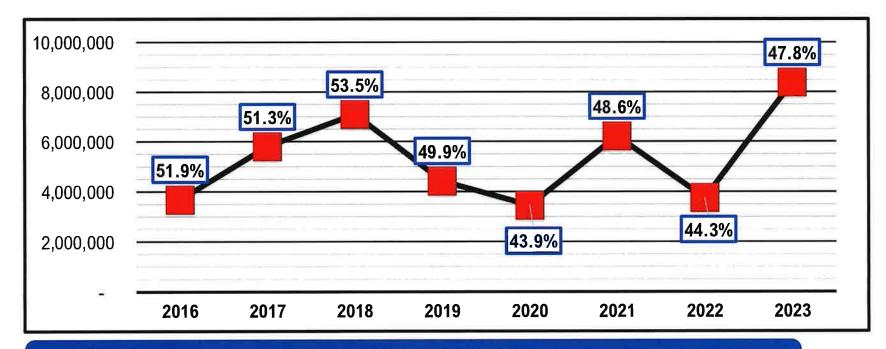
Excluding Capital Expenses Charged to Building Fund and Capital Fund



Over the past eight years, the average annual non-capital surplus was \$5.3 million.

### Revenues vs. Expenses (Non-Capital Surplus)

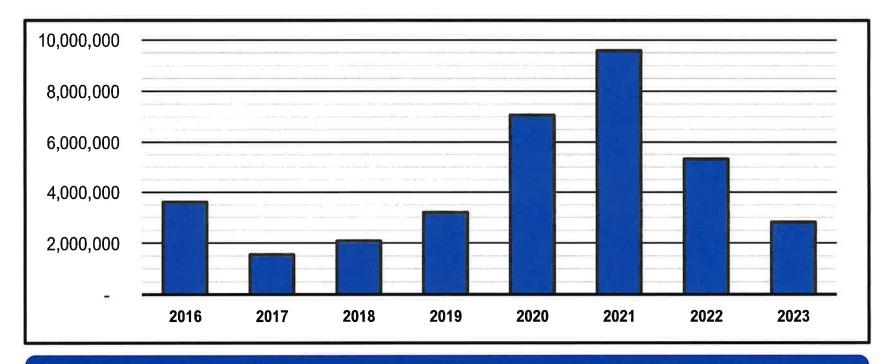
Percent of Tax Collections Paid in Current FY Affects Annual Fiscal Performance



With 1% of tax extension equaling approximately \$400,000, the timing of tax distributions to the District affects year over year performance.

### **Historical Capital Expenses**

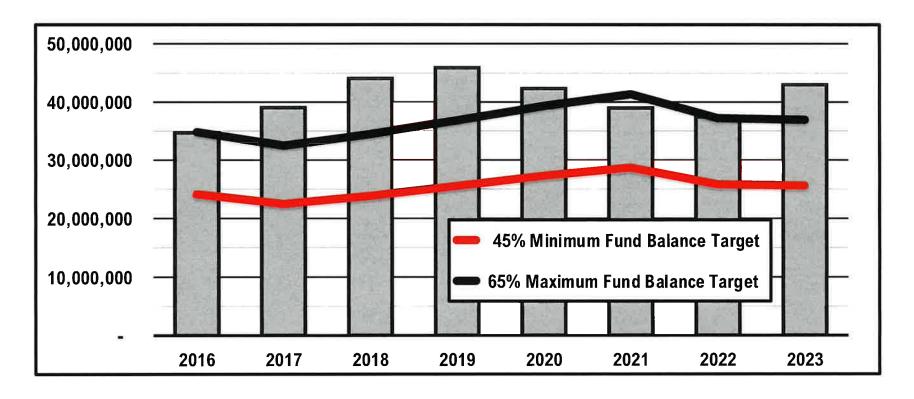
Annual Capital Expenses Charged to Building Fund and Capital Fund



Over the past eight years, D117 spent an average of \$4.4 million annually on major capital expense charged to fund 20 (building fund) and fund 60 (capital projects fund).

### **Historical Fund Balances – All Funds**

Compared to Fund Balance Policy Targeted Levels of 45% - 65% of Annual Expenses





## **Major Factors Affecting FY2024 Budget**

### **Revenues:**

- Due to the timing of tax receipts, the District received approximately \$1.4 million in additional tax revenues in FY23 (vs. historical distribution cycle) and consequently, \$1.4 million less will be received in FY24. This will have a year over year negative impact of approximately \$2.8 million.
- The 5% CPI cap extended to the prior levy will offset a major portion of the decreased r/e tax revenues.

### **Expenses:**

- The contact extension to the Teachers' Association generates an average percentage salary increase of approximately 4%.
- Health insurance premiums will increase approximately 25% due primarily to low reserves levels at self funded coop.
- Capital expenses charged from the operations and maintenance fund are budgeted to increase to \$5,445,000 (compared to \$2,821,000 in FY23).
- Out of District tuition expenses are projected to jump \$500,000 in FY24 due to an expected increase in tech
  campus and special education student counts.

# Budgeted Revenues – All Funds Comparison of Budget Verses Prior Years

| Source                     | FY 2020        | FY 2021      | FY 2022      | UNAUDITED<br>FY 2023 | BUDGET<br>FY 2024 | Change vs.<br>FY23 |
|----------------------------|----------------|--------------|--------------|----------------------|-------------------|--------------------|
| Real Estate Taxes          | \$40,936,000   | \$44,503,000 | \$37,265,000 | \$41,937,000         | \$41,310,000      | (627,000)          |
| Other Local Revenues       | 3,768,000      | 2,561,000    | 3,837,000    | 5,831,000            | 4,737,000         | (1,094,000)        |
| Evidenced-Based<br>Funding | 8,901,000      | 8,910,000    | 8,990,000    | 9,108,000            | 9,170,000         | 62,000             |
| Other State Grants         | 2,692,000      | 3,257,000    | 3,542,000    | 4,195,000            | 4,121,000         | (74,000)           |
| Federal Grants             | <u>640,000</u> | 1,077,000    | 2,082,000    | <u>1,355,000</u>     | <u>1,388,000</u>  | <u>33,000</u>      |
| Total Revenues             | \$56,937,000   | \$60,308,000 | \$55,716,000 | \$62,426,000         | \$60,726,000      | (1,700,000)        |

# Budgeted Expenditures – All Funds Comparison of Budget Verses Prior Years

| Source                       | FY 2020        | FY 2021      | FY 2022          | UNAUDITED<br>FY 2023 | BUDGET<br>FY 2024 | Change vs.<br>FY23 |
|------------------------------|----------------|--------------|------------------|----------------------|-------------------|--------------------|
| Salaries                     | \$22,594,000   | \$23,188,000 | \$24,105,000     | \$25,299,000         | \$26,265,000      | 966,000            |
| Employee Benefits            | 4,804,000      | 25,084,000   | 4,976,000        | 5,123,000            | 5,908,000         | 785,000            |
| Purchased Services           | 12,043,000     | 11,358,000   | 14,027,000       | 15,827,000           | 16,289,000        | 462,000            |
| Supplies and Materials       | 2,193,000      | 2,036,000    | 2,358,000        | 2,340,000            | 2,727,000         | 387,000            |
| Capital Outlay               | 7,320,000      | 9,691,000    | 5,678,000        | 3,696,000            | 6,392,000         | 2,784,000          |
| Debt Payments                | 7,962,000      | 8,738,000    | 193,000          | 0                    | 0                 | 0                  |
| Tuition and Other<br>Objects | 2,738,000      | 2,920,000    | 3,569,000        | 3,883,000            | 4,408,000         | 525,000            |
| Non-Capital Equipment        | <u>898,000</u> | 639,000      | <u>2,375,000</u> | <u>693,000</u>       | <u>1,430,000</u>  | <u>737,000</u>     |
| Total Expenditures           | \$60,542,000   | \$63,654,000 | \$57,281,000     | \$56,861,000         | \$63,419,000      | 6,558,000          |

# Breakdown of FY24 Budget by Fund

| Fund           | Beginning<br>Balance | Revenues     | Expenses     | Transfers | Ending<br>Balance |
|----------------|----------------------|--------------|--------------|-----------|-------------------|
| Education      | \$30,934,000         | \$43,682,000 | \$46,510,000 | 0         | \$28,106,000      |
| Building       | 7,714,000            | 10,600,000   | 11,083,000   | 0         | 7,231,000         |
| Bond & Int.    | 0                    | 0            | 0            | 0         | 0                 |
| Transportation | 2,683,000            | 5,177,000    | 4,548,000    | 0         | 3,312,000         |
| IMRF/SS        | 449,000              | 826,000      | 873,000      | 0         | 402,000           |
| Working Cash   | 1,002,000            | 97,000       | 0            | 0         | 1,099,000         |
| Tort           | 190,000              | 344,000      | 405,000      | 0         | 129,000           |
| Total          | \$42,972,000         | \$60,726,000 | \$63,419,000 | \$ 0      | \$40,279,000      |

Excluding major capital charged to fund 20, D117 is budgeted to realize a surplus of \$2.9 million. Total budgeted deficit with \$5.6 million in capital expenditures is \$2.7 million.



# **Major Assumptions**

#### Revenues

- Real estate tax revenues will decrease in FY24 primarily due to an unexpected acceleration of tax collections into FY23.
- The tax levy will increase by CPI annually, which will be 5% for the 2023 levy and is projected to be 2.5% annually thereafter.
- Local revenues are projected to decrease \$250,000 annually beginning in FY25 due primarily to a projected decrease in interest earnings.
- Evidenced-Based Funding revenues will increase \$100,000 annually.
- State and Federal grant revenues will decrease to historical levels in FY25 as one-time federal grants expire and will remain flat thereafter.

Based on assumptions, total revenues will increase at an average annual rate of 1% during the projection period.

# **Major Assumptions**

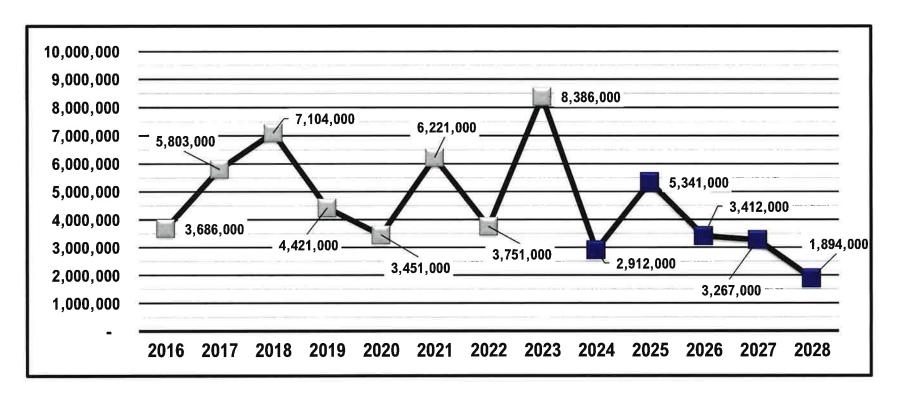
#### **Expenditures**

- Salaries are projected to increase in line with the Collective Bargaining Agreement. (4% for FY24, FY25 and FY26 and 3.75% in FY27) and projected 4% in FY28. Increases will be offset partially through retirements and a decrease in staff by one employee in FY25.
- After a large increase in FY24, employee benefits are projected to increase 4% annually thereafter, which is above the 3% historical growth rate pre-FY24.
- After the 2024 budget year, purchased service and supply expenses are projected to increase at the assumed 2.5% increase in inflation.
- Capital expenses charged to the education fund are projected to be at the historical annual average of \$550,000 after FY24.
- Out of District tuition is projected to jump \$500,000 in FY24 and then be flat thereafter.
- The District will spend \$1 million on a 1-1 technology refresh in FY26.

Based on assumptions, total non-capital expenses will increase at an average annual rate of 3.6% during the projection period

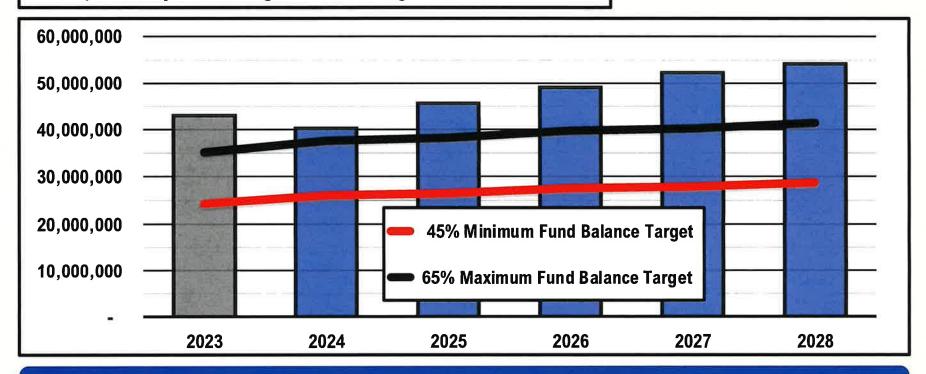
### Projected Revenues vs. Expenses (Non-Capital Surplus)

Excluding Capital Expenses Charged to O&M and Capital Fund



## **Projected Fund Balances**

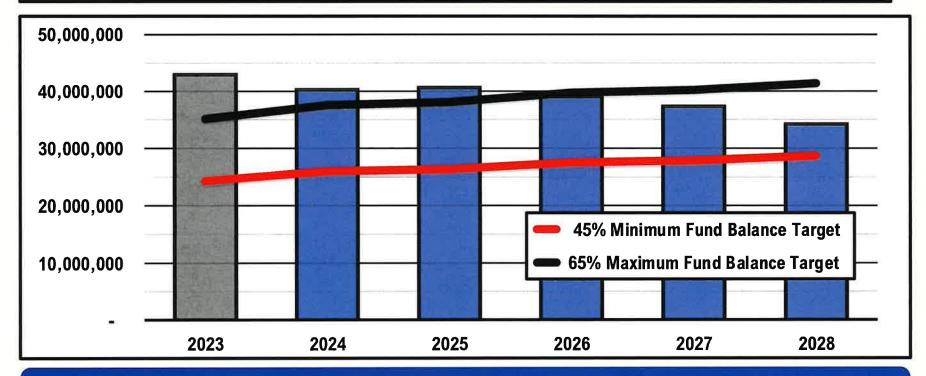
No Capital Projects Charged to Building Fund After FY24



With no capital projects charged to the building fund after FY24, fund balances would increase to \$54.2 million at end of projection period, which would be approximately \$12 million above the 65% fund balance level

## **Projected Fund Balances**

\$5 Million in Annual Capital Projects Charged to Building Fund After FY24



With \$5 million spent on capital projects annually from FY25 to FY28 (\$20 million total), fund balances would decrease to \$34.2 million, which represents approximately 53% of expenditures.



# COMMUNITY HIGH SCHOOL DISTRICT 117

**END OF PRESENTATION** 

