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The Northbrook School District 28 budget report for the 2023-2024 Fiscal Year includes details of the budgeting cycle, revenue and expenditure assumptions, budget highlights and factors bearing on the future of the District. This budget is focused on providing the resources needed to support an excellent educational program for students and is aligned with the District's mission to "Empower every learner to be an engaged, confident, caring, and inspired citizen."

## **THE BUDGETING CYCLE**

The budget is a financial plan for the fiscal year based on careful estimates both of expenditure needs and anticipated revenue for the purpose of operating the educational programs for the children of Northbrook School District 28.

### Preparation

The Board of Education delegates the role of preparing the budget document to the Superintendent, the Chief School Business Official (CSBO), and the Finance Committee.

The educational program is the foundation upon which the budget is built. The administrative team reviews enrollment trends, staffing levels, curriculum initiatives and the strategic plan goals. Educational needs of the District are determined and evaluated with the cooperation of all concerned -- the public, students, staff, and Board members.

Maintenance projects are identified and, if necessary, bids are sought for the work. The 10-year Facility Master Plan started last year, and incorporates facility needs, community feedback, demographic projections, and a security assessment. The final report will be presented to the Board this winter.

### Presentation

After the budget has been prepared in tentative form, the Chief School Business Official presents it to the Board of Education. After a thorough discussion, the Board approves a tentative budget for the fiscal year and places it on display for a period of at least 30 days prior to adoption.

At the regularly scheduled school board meeting in September, the Board holds a public hearing on the tentative budget. After a thorough review, any necessary adjustments are made to the tentative budget, and the Board officially adopts the budget.

### Evaluation

The final step in the budgeting process is a determination of how well the budget served its intended purposes. The Board of Education, with assistance from Administration, evaluates the quality of education offered in the schools and determines that there is a proper relationship with the taxpayer's ability and willingness to pay for the educational programs established.

The Administration makes periodic assessments related to the personnel and services being provided. Cost of programs, revenue and tax levy assessments, and an annual external audit are all evaluation measures employed by District 28.

### Administration

The Board of Education delegates the administration of the budget to the Superintendent. The Business Office records transactions and frequently provides budget information in an effort to effectively communicate educational objectives relating to finance, and to properly assist in the budget administration for effective budget control.

### Budget Calendar

January 24, 2023	Board approves Fiscal Year 2024 Budget Calendar. Board action required directing the Chief School Business Official to prepare a Tentative Budget for 2023-24.
February – April 2023	Administrative Council reviews budget parameters, scope of program improvements, enrollment impact, and preliminary staffing levels. Principals hire new staff per budget recommendation. New hires are approved by the Board of Education.
July 25, 2023	Board meets to review financials for the year ended June 30, 2023 and adopts a tentative budget for Fiscal Year 2024.
August 2023	Publish legal notice of September budget hearing and the tentative budget is made available for public review in the District Office.
September 26, 2023	Conduct public hearing and adopt final budget at the regular September Board Meeting. Budget must be approved by September 30 <sup>th</sup> each year. State budget filed with the North Cook Intermediate Services Center and County Clerk within 30 days of adoption and posted on the District 28 website.
October 24, 2023	Levy projections prepared using estimated new growth and last year's EAV. Board meets to review tax levy recommendation. Approve "Estimated Levy Resolution". Resolution must be passed not less than twenty days prior to adoption of the tax levy.
November 28, 2023	Public Hearing and adoption of tax levy. Notice published 7 to 14 days prior to hearing according to Truth in Taxation guidelines. Levy filed with the county clerk by the last Tuesday of December.

## BUDGET ASSUMPTIONS & BUDGET HIGHLIGHTS

The following is an explanation of revenue and expenditure assumptions that were used to develop the current budget. Also discussed are current year initiatives, highlights and a comparison to the prior year.

### Revenue

The District receives revenues from multiple sources including property tax receipts, state and federal grants, and other local sources. Total revenues for this budget are estimated to be \$50,355,993, which is an 8.93% increase over the prior year's budget.

The majority of funding is received from local property taxes. This year total receipts are estimated at \$42,685,000, or 85% of the total revenues.

Other local revenues include corporate personal property replacement taxes, fees, food service receipts and rental income.

State and Federal Revenue is received in the form of grants, mandated categorical payments, and the Evidence-Based Funding formula.

Budgeted revenue assumptions are as follows:

1. The 2023-24 Budget includes the second installment of 2022 Real Estate Taxes and the first installment of the 2023 Real Estate Taxes.

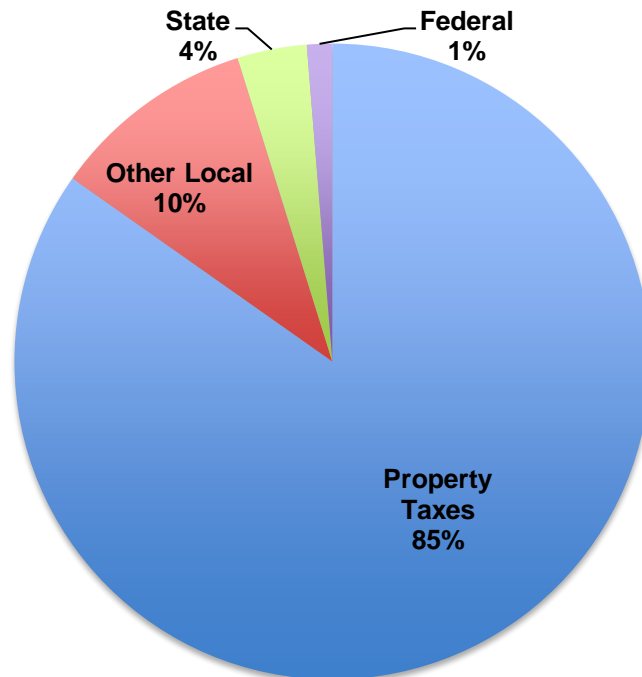
The 2022 tax receipts are based on the levies made last December. The 2023 taxes (current year taxes) are based on 55% of the prior year. The District is estimating a 98.5% collection rate on property taxes in FY 2024.

The Consumer Price Index (CPI) that corresponds to Fiscal Year 2024 tax receipt collections is 7.0%. Overall, tax receipts are anticipated to increase 6.1% over last year's budget. The increase in taxes is based on potential growth due to the CPI, estimated new growth and the new recapture levy, pursuant to P.A. 102-0519.

2. The FY 2024 Corporate Personal Property Replacement Taxes (CPPRT) have been estimated based on the Illinois Department of Revenue projection and last year's collections.

As required by Illinois statute, these receipts have been distributed to the IMRF Fund and the Education Fund.

3. Fees include receipts collected for curriculum, textbook and materials, bus service, food service, summer school, Kid Care, and enrichment programs. Bus fees for the current year were collected in the prior fiscal year with early registration. Food service sales are expected to continue increasing.



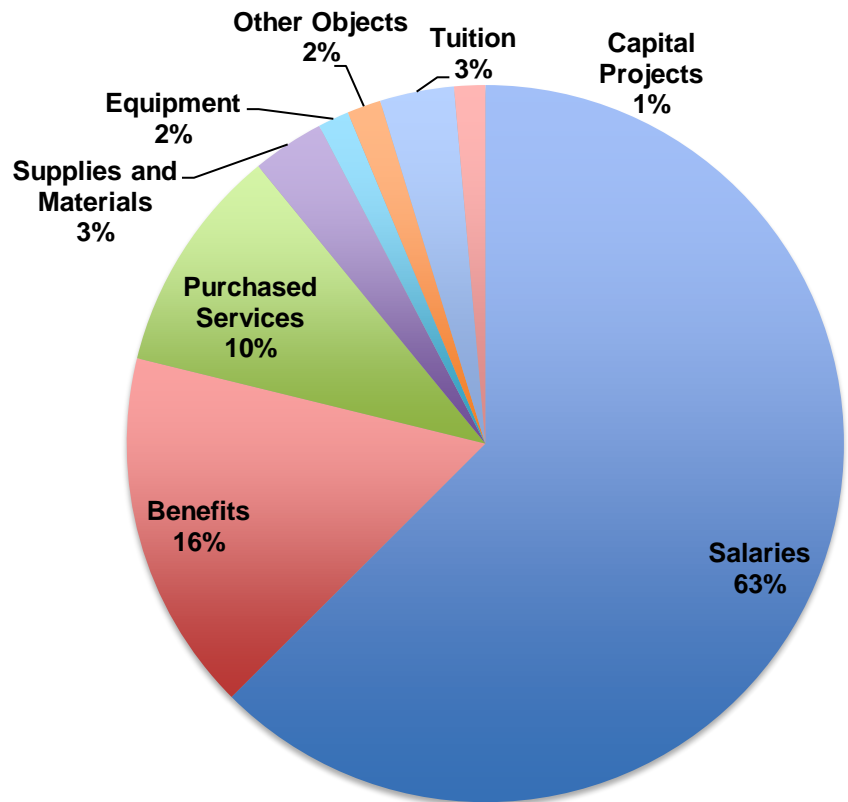
4. Most of the state revenues are received through the Evidence Based Funding Model, which is calculated using 27 essential items, such as class size and programs. The funding incorporates the mandated categorical payments for Special Education Personnel, Funding for Students Requiring Special Education Services, and Bilingual Education. The budget includes the base-funding minimum and a hold harmless provision.
5. Anticipated contributions from developers of subdivisions have been included based on the construction schedules.
6. The mandated categorical (MCAT) payments, which have not been incorporated into the funding formula, have been estimated based on the prior year allocations.
7. Federal grant funding has been estimated based on the grant applications that have been submitted and have either been approved or are currently pending approval by the Illinois State Board of Education.
8. Interest revenue has increased compared to the prior year based on the current economic conditions, rates and investments.

### Expenditures

Expenditures are categorized by object. Objects include salaries, benefits, purchased services, supplies and materials, equipment, other objects/contingencies, and tuition.

Total expenditures this year are estimated to be \$51,237,642, which is a 7.3% increase from the prior year. This year, 79% of the expenditures are allocated to salaries and benefits.

Expenditures assumptions are based on student enrollment projections, staffing needs, vendor contracts, instructional and facility needs. Continuing the practice from the prior years, individual line items have been analyzed and several have been adjusted based on historical expenditure amounts.



Budgeted expenditure assumptions include:

### Educational Fund

The Educational Fund accounts for 91% of the total expenditures. These funds are used for regular and special education student programs, health services, and administrative costs.

1. Salary increases for teachers are based on the prior year's salary schedule, since negotiations with the Northbrook 28 Federation of Teachers are ongoing. The Board is working with the union on a collective bargaining agreement that would be effective starting with the 2023-24 school year. The support staff base increase is 5%. Increases in excess of these percentages are due to new positions, market adjustments, teacher lane changes and retirement incentives.
2. Federal Funds are utilized to support the Special Education partnership with True North Educational Cooperative 804, professional development opportunities for staff, and supplies for programs.
3. The employer contribution rate for the Teachers' Retirement System (TRS) and Teachers' Health Insurance Security (THIS) is 1.48%.
4. Health insurance premiums increased 10.4% for the PPO plan and 11.5% for the HMO plan. The dental insurance premium increased by 2.6%. There was no change from the prior year in the vision, life and disability insurance premiums.
5. Special education tuition costs have been projected based on annual cost increases and current out-of-district student placements. Some costs will decrease, due to the district's increased capacity to deliver services with internal personnel. Additionally, TrueNorth has assessed a capital improvement fee to districts to fund capital improvements over the next 10 years.
6. The budget for new equipment includes iPads for the refresh cycle for the Learning First program, staff computer replacements, integrated classroom projectors, musical instruments, and classroom furniture.
7. The District anticipates an increase in instructional supplies and purchased services based on need and inflation.
8. There is a \$500,000 contingency line item.

#### Operations & Maintenance Fund

Budget expenditures include the cost of maintaining the schools, maintenance and custodial staff salaries and benefits, utilities, supplies, and a box truck.

There is a \$250,000 contingency line item.

#### Bond and Interest

The bonded indebtedness was retired during the 1981-82 Fiscal Year. There are no revenues or expenditures budgeted for this fund. The District funds all capital projects with existing reserves.

#### Transportation Fund

Each regular transportation route costs \$372 per day to operate. The anticipated budget increase in the Transportation Fund for the 2023-24 school year is 10.6%.

#### IMRF/SS Fund

Contribution rates for the Illinois Municipal Retirement Fund (IMRF) are 8.02% for calendar year 2023 and 8.29% for calendar year 2024. This budget includes a payment of \$200,000 toward the unfunded liability.

Medicare and social security are also charged to this fund.

There is a \$25,000 contingency line item.

### Capital Projects Fund

The Capital Projects Fund expenditures include:

- Air conditioning unit replacement for the Greenbriar auditorium
- Elevator replacement at Northbrook Junior High School (NBH)
- Gym wall replacement at NBH
- Terrazzo floor repair at NBH
- Keycard access installation at NBH and Meadowbrook School
- Fencing at Westmoor School
- Office renovations at the District Office
- Concrete repairs district-wide

There are also other minor facility improvement projects planned.

The architecture firm, DLA, is finalizing the 10-year Facility Master Plan which inform future work in this fund. The report will include:

- Architectural surveys of existing facilities;
- Mechanical, electrical and plumbing survey;
- Roof Evaluation and analysis of all buildings;
- Safety and security assessment;
- Capacity studies of all schools including room utilization, programs and services;
- Demographic study to forecast student enrollment;
- Short-term and long-term priorities;
- Project cost estimates for recommended improvements and maintenance items;
- High-level bubble diagrams and preliminary cost estimates for possible remodeling or additions at Meadowbrook.

DLA is working with various engineers, a demographer and a school safety and security specialist to provide their expertise. A final report is expected in December.

### Life Safety Code Work

A ten-year health/life safety survey was completed in 2017. The necessary life safety work as a result of that survey has been completed. Ongoing projects are funded through the Operations & Maintenance Fund, therefore there are no revenues or expenditures budgeted in this account.

## BUDGET SUMMARY

The following chart shows a summary of the Fiscal Year 2024 Budget.

	Budgeted Revenue	Budgeted Expenditures	Interfund Transfers	Contingency	Variance (over) / under
Education	43,292,993	43,102,112	(600,000)	500,000	(909,119)
Operations and Maintenance	3,202,000	2,951,470	(115,000)	250,000	(114,470)
Transportation	2,126,500	2,096,500	-	-	30,000
Municipal Retirement/SS	1,509,500	1,597,560	-	25,000	(113,060)
Capital Projects	-	708,500	715,000	6,500	-
Working Cash	225,000	-	-	-	225,000
<b>TOTALS</b>	<b>50,355,993</b>	<b>50,456,142</b>	<b>-</b>	<b>781,500</b>	<b>(881,649)</b>

With the combined revenues and expenditures explained in detail previously, there is a projected deficit of \$881,649 this fiscal year. This includes the assumption that the total contingency of \$781,500 will be fully expended. Other contributing factors to the variance include the use of the Education and Operations & Maintenance fund balances for 708,500 in facility improvements.

## Fund Balances

The projected fiscal year end fund balances have been estimated based on the Fiscal Year 2022 Annual Financial Report, the unaudited expenditure and revenue activity in Fiscal Year 2023, and projected revenues and expenditures for fiscal year 2024. Following is a summary of those balances, which assumes the total contingency is expended.

	Unaudited Fund Balance July 1, 2023	Estimated Effect on Fund Balance	Projected Fund Balance June 30, 2024
<b>ESTIMATED FUND BALANCES</b>			
Education	14,186,315	(909,119)	13,277,196
Operations and Maintenance	681,758	(114,470)	567,288
Transportation	674,995	30,000	704,995
Municipal Retirement/SS	967,480	(113,060)	854,420
Capital Projects	-	-	-
Working Cash	6,883,524	225,000	7,108,524
<b>TOTALS</b>	<b>23,394,071</b>	<b>(881,649)</b>	<b>22,512,422</b>

## FACTORS BEARING ON THE FUTURE

The District's fund balance will continue to decline, with the use of the fund balance to support facility improvements, and if the contingency funds are used this year. The District should evaluate future spending priorities and prospective revenue opportunities.

Negotiations with the newly formed Northbrook Federation of Teachers District 28 will result in the first collective bargaining agreement for the district. The District looks forward to working with the union and all staff members to provide the students with a high-quality education, while remaining fiscally responsible.

While enrollment district-wide is stable, shifting elementary enrollments have caused increases at Meadowbrook School. The district continues to monitor the situation and be responsive to student, staff, and community needs.

The Village of Northbrook is reviewing major development projects at Northbrook Court and the former Green Acres Country Club property. The Northbrook Court project includes retail, dining, single-family and multi-unit residential components. The residential component is the final phase and will have an impact on the district's enrollment.

The Long-Range Facility Master plan will outline a 10-year projection for future capital projects. The Board will need to set priorities based on the outcome of the report and identify funding sources, if necessary.

## **CONCLUSION**

The proposed budget for fiscal year 2024 outlines District 28's plans for the 2023-24 school year and our best estimate of program needs. This budget supports the District's ability to be flexible and adaptable in these challenging times, while continuing to provide exceptional educational opportunities for our students. Should additional information become available that would substantially affect the appropriations set forth in the proposed budget, those appropriations could be amended before the regular board meeting in July 2024.

For questions concerning the budget, contact Jessica Donato, Chief School Business Official.