

FY 24 Budget Highlights

September 25, 2023 BOE Meeting

I will ask the board to approve the FY24 budget at the September BOE meeting following a public hearing. We are expecting to have an overall deficit of **\$164,448**. Detailed explanations for the Funds are explained below.

This year's budget reflects \$99,334 in ESSER (COVID) money from the federal government. This is down from over \$426,000 last year. For board members' reference, there were three rounds of COVID money. The first round of approximately \$70,000 was sent in the spring of 2020, which was spent on masks, cleaning supplies, and technology devices. The second round of approximately \$274,000 was sent in 2021. This allotment was spent on remote teachers and our LPN and later RN. The third round of over \$654,000 was sent in 2022. This last round funds our three RtI (Response to Intervention) teachers and two RtI aides. There were various trainings, stipends, PBIS (Positive Behavioral Interventions and Supports), etc. expenses that were also funded with these dollars. In short, this latest round went toward shoring up our RtI and PBIS programs.

The biggest factors impacting on our budget this year are the two major purchases from our Health/Life Safety (HLS) Fund. The first is the vestibule/lighting project. This was just under \$299,000. If you remember, this purchase was split between Working Cash (\$198,947) and HLS (\$100,000). This is why you see an expenditure from Working Cash. The other factor is the purchase of the three new HVACs at the Primary Center. This project costs a little less than \$212,000.

Board members will notice only \$223,507 is budgeted to be expended from the HLS Fund. This is due to the timing of these large purchases. These bills will likely be payable before we receive all of our revenue in that Fund. As a result, we may need to do an interfund loan from our Building Fund to the HLS Fund. Interfund loans do not technically count as expenditures. There's no reason to be concerned. We have the money. This is purely about the timing of the revenue not quite matching when the bills will likely come. I expect by January, these Funds will be squared away.

One thing for board members to keep in mind is when we build the budget, we try to allow room for any reasonable unexpected expenses. This way, it gives us some flexibility should anything unexpected occur. A good example is a high-cost special education student. A high-cost student could move into the district at any time. We put ourselves in a better position to accommodate this by building in these contingencies.

The expected result of operations for our district in FY24 is as follows:

2023-24 Budget

	<u>Revenues</u>	<u>Expenses</u>	<u>Surplus/Deficit</u>
Education	\$6,025,087	\$6,184,152	(\$159,065)
Building	\$1,132,809	\$1,129,514	\$3,295

Bond & Interest	\$386,738	\$383,913	\$2,825
Transportation	\$514,136	\$437,923	\$76,213
IMRF	\$309,704	\$305,747	\$3,957
Working Cash	\$176,117	\$198,947	(\$22,830)
Tort	\$1,823,447	\$1,823,401	\$46
Life/Safety	\$154,618	\$223,507	(\$68,889)
Totals	\$10,522,656	\$10,687,104	(\$164,448)

Some specifics on the FY24 Education Fund budget:

- Total Education Fund revenues are expected to increase by about \$204,000 from last year. Specifically, local revenue is expected to increase by \$278,000, and state money is expected to increase by \$99,000. But federal dollars are expected to decrease by \$173,000. The increase in local dollars is the result of the increase in our levy, and the state increase is due to the increase in our state aid. The federal decrease is expected as we have spent down our ESSER grants from last year.
- Total Education Fund budgeted expenditures are expected to increase by \$166,187. Some specifics on this increase are salaries are expected to increase by \$81,315, benefits will decrease by \$88,909, purchased services will increase by \$166,672, supplies will decrease by \$5,907, and capital outlay and other objects will increase by \$9,516 and increase by \$3,500 respectively. Overall, this is very good news. The Board has been generous with our pay increases over the past few years, especially considering the teachers are receiving a 6.5% increase this year. We are able to offset this with an increase in revenues while continuing to control our expenses.
- The Education Fund is projected to end the fiscal year with \$1,857,251. I hope we can come close to breaking even this year, barring any significant unforeseen expenses.

Some notes on the other Funds:

1. The Building Fund is expected to end with a deficit of \$3,295. The revenues and expenses are inflated because the Working Cash portion of the vestibules/lighting project (\$198,947) must be paid from the Building Fund. Working Cash must then replenish the Building Fund as the School Code prohibits any direct expenses from Working Cash. I hope we can increase this surplus by the end of the year.
2. The Transportation Fund is expected to end with a surplus of \$76,213. This surplus is because we are not anticipating purchasing a vehicle this year. You'll remember we purchased two last year. However, we could use a new short bus, so if an opportunity arises, we may consider that this year.
3. The Bond & Interest Fund is expected to end with a small surplus. The IMRF Fund is also expected to end with a small surplus.

4. The Working Cash is expected to end the year with over \$1.5M in reserves. This is good news as I have earmarked these dollars to replenish the operating funds should that need arise. Over \$1.2M is sitting in a Certificate of Deposit, earning just under 4.5%. That is expected to mature in May. I'll be in touch closer to that date with a plan for that reinvestment.
5. The Tort Fund is projected to end with a small surplus. Expenses paid from the Tort Fund include legal bills, property insurance premiums, bus inspections, and portions of salaries for those staff limiting the district's exposure to liability. This Fund's levy has been built up over time to offset Education Fund expenses under our Risk Management Policy. We must also have funds to pay the legal bills associated with the ongoing Joe Doe lawsuits and Declaratory Judgment actions.
6. We are anticipating \$223,507 in expenses from the HLS Fund this year, which I summarized earlier.
7. One additional note about the budget. As board members can see, we have healthy fund balances in all funds. This is in the face of many factors that could have been detrimental to our financial health and, most importantly, without going to the voters asking for a tax increase. Those factors are:
 1. The price of everything has increased steadily over the past few years, as we can all attest to, as it has hit all of us personally. Our district is not exempt from these increases.
 2. We have approved significant salary increases over the past few years to keep us competitive with other districts and on par with economic conditions.
 3. COVID necessitated us to hire an additional health professional (LPN and RN) and expand our RtI programming. We used the ESSER grants to fund these, knowing these grants would dry up eventually. We have absorbed these costs through planning and controlling expenses without decreasing these staff.
 4. We have completed many major building projects without impacting our tax rate. Some of the examples of building projects we have completed in the last ten years include:
 - Elimination of the large electrical transformers outside of the 5th-grade wing;
 - Replacement of several HVAC units (approximately 20, not counting the three to be replaced this fall);
 - Restoration of the cafeteria roof, 7th and 8th-grade roof, and the 1996 Primary Center addition roof; and
 - Construction of vestibules at both buildings.

Despite these factors, our district is well-positioned financially moving forward.

Final Fund Balances as of June 30, 2024, is expected to be:

Education	\$1,857,251
Building	\$663,463
Bond & Interest	\$152,830
Transportation	\$754,009
IMRF	\$234,788
Working Cash	\$1,504,698
Tort	\$20,544
Life/Safety	\$161,071

Total	\$5,348,654
-------	-------------