



## Board of Education Meeting - Bensenville School District 2 September 18, 2024

### Conference/Action Item

#### **B. Adopt Budget Resolution for 2024-2025 Budget**

##### Background

The Board will hold a public hearing concerning the budget on September 18, 2024.

Public review of the tentative budget began on Monday, August 19. The required notice was published on August 15.

After publication of the tentative budget, both revenues and expenses have been further revised for the final budget.

##### Administrative Considerations

This memorandum summarizes the proposed budget. The full budget document is linked below.

Blackhawk renovation costs are excluded from the following items. The renovation costs, about \$11.1 million, are shown on their own line in the following pages.

- An operating surplus is projected of about \$600,000, or 1.3% of revenue. See page 2.
- If renovation costs are included, the overall deficit is about \$10.5M. The District has cash on hand to pay the cost without impacting regular operations.
- Revenues are detailed on page 3.
  - Basic Operating Revenues are projected to increase by \$0.8 million from the prior year, or about 1.8%.
  - Special-purpose federal grants are projected to decrease about \$1.2 million. These grants were always known to have a limited life and have been planned for accordingly.
- Expenses are detailed on page 4.
  - Staff costs, the largest category of expense, are projected to increase about 5.7% (ignoring contingencies). The increase is from salary and benefit increases and from in-sourcing positions that were contracted out in the prior year. Debt service will increase by about \$1.33 million, as anticipated. All others costs are projected to decrease about \$1.3 million over the prior year if no contingencies are spent.
  - Contingencies of \$946,000 are included in the expense section of the budget.
- Fund balances are shown on pages 5 and 6.
  - All funds will have positive balances at June 30, 2025. A transfer to the Operations & Maintenance Fund will be proposed for the October Board meeting to replenish that Fund's balances after paying for Blackhawk Middle School renovation costs.
  - The District's fund balances comply with the new limitations that take effect this year under a recent Illinois statute, 105 ILCS 5/17-1.10. See page 6.

##### Options Considered

This year's budget is the final year affected by the ESSERs grants, for COVID recovery. Grant receipts are expected this year of about \$600,000. Spending was mostly completed in prior years.

The following material changes are proposed from the Tentative Budget released in August:

- Revenue is decreased about \$675,000 for the Illinois Corporate income tax; increased about \$330,000 for the partial sale of Mohawk; and increased about \$140,000 for a Medicaid grant payout of funds held back from 2022.
- Expenses are decreased \$275,000 for staff positions eliminated; decreased about \$125,000 for bond issuance costs that will not repeat in 2025; increased about \$125,000 for detention pond maintenance at Tioga and Johnson Schools; and increased about \$65,000 for tank removal at Mohawk Park.

##### Fund Affected

All funds.

##### Recommendations

That the Board of Education (1) adopt the [2024-25 Budget as presented](#); and (2) note that the cash balance of its operational funds at June 30, 2022 is less than 2.5 times the average spending in those funds for the three-year period ended on the same date.

# Overview, Cash Position

Beginning Cash Balance	48,453,089
Operating Surplus <sup>/1/</sup>	598,479
BMS Construction	-11,100,000
Overall Budget Surplus	(10,501,521)
BCPL loan repayment	60,000
Projected June 30, 2025 Balance	38,011,568
Projected May 31, 2025 Balance	22,972,394

<sup>/1/</sup> Assumes full spending of \$946,000 of contingencies.

## Revenue By Source

	As % of Revenue	Budget 24-25	Results 24-25	Comments
Property Tax	72%	\$33,738,070	\$31,810,004	Increase of 6.1%
Illinois Corporate Income Tax	3%	\$1,572,089	\$2,333,250	Decrease of 33%
General State Aid	10%	\$4,643,034	\$4,597,629	Increase of 1%. The lower Tier assigned in 2023-24 remains.
Special Ed, Fed & State	1%	\$554,129	\$709,270	Decrease of 22%
Title Grants	1%	\$419,932	\$434,721	About same as prior year
PreK for all	1%	\$530,200	\$532,157	About same as prior year
Birth-to-3	1%	\$317,905	\$309,607	About same as prior year
Other Grants, Federal	1%	\$445,983	\$199,078	Medicaid paid out 2022 holdback in this fiscal year
Other Grants, State and Private	1%	\$380,000	\$535,796	Decrease of 29%
NDSEC refunds and miscellaneous	4%	\$1,827,698	\$2,179,547	Interest income declines this year. Mohawk sale proceeds included here.
<b>Basic Operating Revenue, S/T</b>	<b>95%</b>	<b>\$44,429,040</b>	<b>\$43,641,059</b>	<b>Basic operating revenues increase slightly. Property tax increase offsets decreases in IL corporate tax and interest income.</b>
<i>Full-Service Community Schools</i>	0%	\$0	\$98,493	<i>Grant ended during prior year</i>
<i>School Climate Transformation Grant</i>	0%	\$156,000	\$900,063	<i>Grant ends this September</i>
<i>Food Service Grants</i>	3%	\$1,215,693	\$1,190,437	<i>This revenue dedicated to food service</i>
<i>COVID-related grants for 2020-2024</i>	1%	\$606,632	\$1,125,728	<i>COVID recovery grant; it ends this year.</i>
<i>Stronger Connections Grant</i>	0%	\$156,744	0	<i>Stronger Connections Grant for FY25 only</i>
<b>Special Purpose Grants, S/T</b>	<b>5%</b>	<b>\$2,135,069</b>	<b>\$3,314,722</b>	<b>35% decrease in Special Purpose Grants</b>
<b>All Operating Revenues</b>	<b>100%</b>	<b>\$46,321,480</b>	<b>\$46,374,732</b>	<b>Overall Revenue decreases 0.1%.</b>

## Expense by Type

	Budget w/o Contingencies	Contingencies	Total Budget	Compare Prior Year Actuals	Comments
Salaries	24,118,223	195,000	24,313,223	22,791,385	Increased for higher salaries.
Employee Benefits	6,960,028	73,000	7,033,028	6,670,979	Same as salaries.
Purchased Services	6,529,260	160,000	6,689,260	6,702,713	Projecting fewer contract workers.
Tuition	1,625,132	125,000	1,750,132	1,639,640	Higher student count at non-D2 schools.
Supplies & Materials	2,250,137	168,000	2,418,137	2,217,651	Small increase forecasted.
Capital Outlay (w/o construction)	564,743	225,000	789,743	1,639,488	Fewer purchases for buses, laptops, playgrounds
Debt Service	2,907,964	0	2,907,964	1,571,141	First year with principal payment on the 2020 bonds.
Other Objects	18,558	0	18,558	164,806	Not a significant category.
Non-Capitalized Equipment	45,585	0	45,585	35,008	Not a significant category.
<b>Operating Expenditures</b>	<b>45,019,630</b>	<b>946,000</b>	<b>45,965,630</b>	<b>43,432,812</b>	Without contingences, ~4% increase over prior year.
Construction	11,100,000	0	11,100,000	1,443,480	BMS renovation costs.
<b>Total Expenditures</b>	<b>56,119,630</b>	<b>946,000</b>	<b>57,065,630</b>	<b>44,876,292</b>	

## Budget By Fund

	Cash Balance at Prior Year- End	Revenues	Expenses	Surplus (Deficit)	Fund Transfer (Out) In	BCPL Loan Payment Received	Balance at Year-End
Education	\$37,140,104	\$36,162,748	\$37,723,260	(\$1,560,512)	(\$5,000,000)	\$60,000	\$30,639,592
Operations & Maintenance	\$2,995,866	\$4,532,948	\$9,228,066	(\$4,695,118)	\$5,000,000		\$3,300,748
Bond	\$1,623,237	\$3,504,019	\$2,912,964	\$591,055			\$2,214,292
Transportation	\$670,390	\$1,381,103	\$1,285,158	\$95,945	\$0		\$766,335
IMRF & Social Security	\$367,314	\$762,699	\$680,795	\$81,904		\$0	\$449,218
Working Cash	\$465,158	\$2,166		\$2,166	\$0		\$467,324
Tort	\$188,875	\$193,413	\$234,671	(\$41,258)			\$147,617
Construction & Life Safety	\$5,002,145	\$25,013	\$5,000,716	(\$4,975,703)			\$26,442
<b>Totals All Funds</b>	\$48,453,089	\$46,564,109	\$57,065,630	(\$10,501,521)	\$0	\$60,000	\$38,011,568

<sup>1</sup> Total debt obligations were \$3.531M at June 30, 2024. Cash in the Bond Fund secures obligations due in the next year.

## Operational Funds, Compare Balances to Spending Check for 2.5 Cap Required by 105 ILCS 5/17-1.10

	2024-25 as Budgeted	2023-24 (Not yet audited)	2022-23	2021-22	2020-21
Total Spending in Education, Operations & Maintenance, and Transportation Funds	48,236,484	42,360,886	38,909,168	36,967,360	34,553,397
Three-year average	43,168,846	39,412,471	36,809,975		
Total cash reserves, same funds	34,706,675	40,806,359	38,324,533		
<b>Ratio, should be &lt; 2.5 for 2022-23 Year (the most recently-audited year)</b>	<b>0.80</b>	<b>1.04</b>	<b>1.04</b>		