

INFORMATION ITEM

Date: April 23, 2018
To: Raymond E. Lechner, Ph.D.
Superintendent
From: Gail F Buscemi
Business Manager
Subject: Fiscal Year 2019 Operating Funds Tentative Budget:
Educational, Operations and Maintenance, Transportation, Municipal
Retirement, Working Cash and Tort Funds

Educational Fund (Fund 10)

The Educational Fund (Exhibit A) is the largest fund and contains budgets necessary to provide for the basic instruction of students and the day-to-day educational activities of the school district. For FY19 the Educational Fund budgeted revenues are projected to be \$62,186,705 and expenditures are budgeted at \$63,305,097 including Other Financial (Uses).

Attached is the District 39 financial statement of estimated Educational Fund revenues and expenditures for fiscal year 2019, which extends from July 1, 2018 through June 30, 2019. Based on these calculations, the Educational Fund is estimated to have a fund reserve ending balance of \$28,366,791 as of June 30, 2019, indicating a balance-to-expenditure ratio of 58.4% for the Educational Fund.

Educational Fund Revenue Assumptions

Local funding: Property tax revenue accounts for 83% of the total Educational Fund revenue exclusive of State Aid On Behalf revenue. The tax levy calculation is tied to the 2016 Consumer Price Index (CPI) or “Tax Cap” of 2.1%. Non-tax revenues, derived primarily from instructional and co-curricular fees, food service, childcare fees, and donations, account for 7.3% of the total Educational Fund revenue.

State & Federal Funding: The FY19 budget assumes the District will receive a total of four state payments for our mandated categorical revenue. Pending legislation indicates that Districts would be held harmless for FY19. Federal revenue projections assume revenues will remain fairly level.

Other Financial (Uses): The FY19 budget reflects a permanent transfer from the Education Fund to the Operations and Maintenance Fund to cover planned construction projects.

Educational Fund Expenditure Assumptions

Salaries represent nearly 76.8% of our total expenditures in the Educational Fund exclusive of the State Aid On Behalf expenditure. Salary increases reflect a 4.0% increase for teachers and a 2.1% increase for support staff per our negotiated contracts. FY19 tentative budget includes the salary savings from a large number of certified staff retirements in FY18.

Benefits are the second largest expenditure in the Educational Fund. They represent nearly 11.9% of the total Educational Fund Budget. A 3.8% increase over the FY18 budget has been built into the FY19 budget based on the most current enrollment estimates. Unknown at this time is the pension cost shift that has been proposed by the State of Illinois.

Operations & Maintenance Fund (Fund 20)

The Operations and Maintenance Fund (Exhibit B) contains budgets necessary to maintain the school district's buildings and grounds. The fund includes expenditures for custodial services and utility costs. Operations and Maintenance Fund budgeted revenues are projected to be \$9,093,348 and expenditures are budgeted at \$5,639,576 before Other Financial Sources/(Uses). Other Sources reflects a permanent transfer from the Education Fund to Operations and Maintenance for planned construction projects. Other Uses reflects a transfer of monies to the Debt Service Fund used for the payment of debt certificates and transfer to Capital Projects Fund for approved construction projects. The FY19 year-end fund balance reflects a planned surplus of \$1,026,160.

The planned construction project at Highcrest Middle School for a four-classroom addition, secure entry and office relocation and large space HVAC is included in the FY19 budget. In addition, the building's fire alarm system would be updated and classroom sprinklers added in the wing adjacent to the new classrooms.

Interfund Loans: Since the major portion of the District's revenue is received twice a year, during July/August and Feb/March, an interfund loan of up to \$2M may be necessary to cover short-term cash flow needs throughout the construction months. This interfund loan will be repaid within the same year and is a one-time occurrence due to construction. The District auditors recommend passing a resolution whenever an interfund loan occurs, even if the loan is repaid in full by the end of the year.

Permanent Transfer: The planned construction projects in FY19 reflect a permanent interfund transfer from the Education Fund to the Operations & Maintenance Fund to cover approved costs. A resolution will be necessary when the tentative budget is presented in May 2018.

Transportation (Fund 40)

The Transportation Fund (Exhibit C) contains budgets necessary for the transportation of students in support of the school district's day-to-day educational activities. The FY19 budget assumes the District will receive a total of four state payments for special education transportation revenue. Transportation Fund budgeted revenues are estimated at \$1,794,237 and expenditures budgeted at \$2,049,861. There is a budgeted deficit of (\$255,624) for FY19.

The budgeted year-end reserve fund balance reflects \$1,048,970 or 51.2% of annual expenditures.

Municipal Retirement Fund (Fund 50)

The Municipal Retirement Fund (Exhibit D) contains budgets for the district's contribution to Social Security (FICA), Medicare (M/C) and Illinois Municipal Retirement Fund (IMRF) for all eligible employees of the school district. IMRF/SS Fund estimated revenues are \$1,603,663 and expenditures, governed by law, are budgeted at \$1,735,849. There is an estimated planned deficit of (\$132,186) for FY19.

The projected year-end fund balance reflects \$489,988 or 28.2% of annual expenditures in fund reserve.

Working Cash Fund (Fund 70)

The Working Cash Fund (Exhibit E) enables the Board to have money in its treasury for the District's short-term cash flow needs. Budgeted revenues are \$93,951 and budgeted expenditures are \$0. The projected year-end fund balance reflects \$1,119,967 in fund reserve.

Tort Fund (Fund 80)

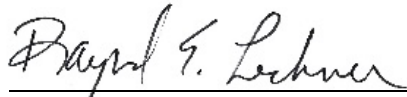
The Tort Fund (Exhibit F) enables the Board to account for taxes levied or bonds sold for tort immunity or tort judgment purposes. The expenditures are primarily for business insurance liability, property, workers' compensation, and unemployment coverage. Budgeted revenues are estimated at \$284,063 and expenditures are budgeted at \$531,641.

The year-end fund balance is estimated at \$554,382 or 104.3% of annual expenditures in fund reserve. During the next few months, additional data may become available which would allow us to better predict the overall expenditures in this fund.

Summary

Operating Funds (Exhibit G) FY19 revenues are budgeted at \$75,055,967 and projected expenditures are budgeted at \$77,905,197 including Other Financial Sources/(Uses). The budgeted year-end fund balance is estimated to be \$32,606,256 or 55.7% of annual expenditures in fund reserve.

The administration believes this first draft of the Operating Funds Tentative Budget is a fiscally sound representation of the financial position of the district. Adjustments throughout the operating funds will continue to be made when appropriate. Any revisions to the tentative budget shall be incorporated to reflect the most current information available prior to the budget approval in August.

Attachment**GFB/mae****Approved for presentation
to the Board of Education**

**Raymond E. Lechner, Ph.D.
Superintendent**

Wilmette Public School District 39
Statement of Revenues and Expenditures
OPERATING FUNDS
TENTATIVE BUDGET FY 2018-19

Exhibit A

Educational Fund

	<u>2016-2017</u>	<u>2017-18</u>	<u>2018-19</u>	<u>Percent + or -</u>
	<u>Actual</u>	<u>Budget</u>	<u>Tentative Budget</u>	
Revenue:				
Real Estate Taxes	\$39,361,995	\$38,717,501	\$40,151,694	3.70%
Replacement Taxes	496,557	425,000	380,000	-10.59%
State Aid	3,015,598	2,994,504	3,026,540	1.07%
State Aid (GASB 24)	11,778,497	14,003,700	14,003,700	0.00%
Federal Aid	1,303,386	1,160,196	1,107,896	-4.51%
Interest	251,093	306,000	221,139	-27.73%
Local	3,493,128	3,471,906	3,295,736	-5.07%
TOTAL	\$59,700,254	\$61,078,807	\$62,186,705	1.81%
Expenditures:				
Salaries	\$35,004,160	\$37,176,411	\$37,275,785	0.27%
Employee Benefits	4,980,371	5,572,556	5,786,338	3.84%
Employee Benefits GASB 24	11,778,497	14,003,700	14,003,700	0.00%
Purchased Services	1,078,885	1,313,250	1,171,603	-10.79%
Supplies	2,321,520	2,387,230	2,377,301	-0.42%
Capital Outlay	918,581	990,567	676,567	-31.70%
Tuition-Special Education	1,015,752	1,129,981	1,263,803	11.84%
TOTAL	\$57,097,766	\$62,573,695	\$62,555,097	-0.03%
Revenue over Expenditures or (Expenditures over Revenues)	\$2,602,488	(\$1,494,888)	(\$368,392)	-75.36%
Other Financial Sources/(Uses):				
Transfer to O & M Fund	\$0	(\$2,500,000)	(\$750,000)	-70.00%
Transfer to Debt Service	(\$195,710)	(\$195,710)	\$0	-100.00%
Sale from Fixed Assets				
Capital Lease Proceeds				
Total Other Financing Sources/(Uses)	(\$195,710)	(\$2,695,710)	(\$750,000)	-72.18%
Net Change in Fund Balance	\$2,406,778	(\$4,190,598)	(\$1,118,392)	-73.31%
Fund Balance				
Beginning of Year	\$31,269,003	\$33,675,781	\$29,485,183	-12.44%
End of Year-(Projected)	\$33,675,781	\$29,485,183	\$28,366,791	-3.79%
Fund Balance as a Percentage of Educational Expenditures	74.31%	60.71%	58.43%	

Wilmette Public School District 39
Statement of Revenues and Expenditures
OPERATING FUNDS
TENTATIVE BUDGET FY 2018-19

Exhibit B

Operations & Maintenance

Fund	<u>2016-2017</u> Actual	<u>2017-2018</u> Budget	<u>2018-2019</u> Tentative Budget	<u>Percent + or -</u>
Revenue:				
Real Estate Taxes	\$7,478,672	\$8,587,641	\$9,031,473	5.17%
Replacement Taxes	0	0	0	0.00%
State Aid	67,364	0	0	0.00%
Federal Aid	0	0	0	0.00%
Interest	9,369	8,200	1,875	-77.13%
Local	152,530	70,000	60,000	-14.29%
TOTAL	\$7,707,935	\$8,665,841	\$9,093,348	4.93%
Expenditures:				
Salaries	\$1,601,247	\$1,701,760	\$1,750,354	2.86%
Employee Benefits	270,883	310,217	348,441	12.32%
Purchased Services	1,343,705	1,551,560	1,688,869	8.85%
Supplies	866,082	1,126,100	1,040,400	-7.61%
Capital Outlay	609,565	440,000	811,512	84.43%
Other	0	0	0	0.00%
Debt Services				
Other Interest	0	0	0	0.00%
Capital Lease Retired	0	0	0	0.00%
Total Debt Services	0	0	0	0.00%
TOTAL	\$4,691,482	\$5,129,637	\$5,639,576	9.94%
Revenue over Expenditures	\$3,016,453	\$3,536,204	\$3,453,772	-2.33%
Other Financial Sources/(Uses):				
Debt Service Extension Base/Debt Certificate Refun	\$0	\$0	\$0	0.00%
Transfer from ED Fund		\$2,500,000	\$750,000	-70.00%
Transfer to Capital Projects	(\$1,501,822)	(\$4,150,000)	(\$4,593,630)	10.69%
Transfer to Debt Service	(\$797,218)	(\$762,743)	(\$799,543)	4.82%
Total Other Financing Sources/(Uses)	(\$2,299,040)	(\$2,412,743)	(\$4,643,173)	92.44%
Net Change in Fund Balance	\$717,413	\$1,123,461	(\$1,189,401)	-205.87%
Fund Balance				
Beginning of Year	\$374,687	\$1,092,100	\$2,215,561	102.87%
End of Year-(Projected)	\$1,092,100	\$2,215,561	\$1,026,160	-53.68%
Fund Balance as a Percentage of Operations and Maintenance Expenditures	23.3%	43.2%	18.2%	

Wilmette Public School District 39
Statement of Revenues and Expenditures
OPERATING FUNDS
TENTATIVE BUDGET FY 2018-19

Exhibit C

Transportation Fund

	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	
	Actual	Budget	Tentative Budget	Percent + or -
Revenue:				
Real Estate Taxes	\$729,466	\$697,681	\$634,453	-9.06%
Replacement Taxes	0	0	0	0.00%
State Aid	491,869	511,000	511,000	0.00%
Federal Aid	0	0	0	0.00%
Interest	10,683	9,500	9,784	2.99%
Local	545,608	664,000	639,000	-3.77%
TOTAL	\$1,777,626	\$1,882,181	\$1,794,237	-4.67%
Expenditures:				
Salaries	\$51,030	\$52,546	\$53,730	2.25%
Employee Benefits	3,425	2,904	2,681	-7.68%
Purchased Services	1,532,431	1,886,900	1,968,900	4.35%
Supplies	3,894	4,095	4,050	-1.10%
Capital Outlay	0	0	0	0.00%
Other	65	20,500	20,500	0.00%
TOTAL	\$1,590,845	\$1,966,945	\$2,049,861	4.22%
Revenue over Expenditures or (Expenditures over Revenues)	\$186,781	(\$84,764)	(\$255,624)	201.57%
Sale of Fixed Assets	\$0	\$0	\$0	0.00%
Total Other Financing Sources/(Uses)	\$0	\$0	\$0	
Net Change in Fund Balance	\$186,781	(\$84,764)	(\$255,624)	201.57%
Fund Balance				
Beginning of Year	\$1,202,577	\$1,389,358	\$1,304,594	-6.10%
End of Year-(Projected)	\$1,389,358	\$1,304,594	\$1,048,970	-19.59%
Fund Balance as a Percentage of Transportation Expenditures	87.3%	66.3%	51.2%	

Wilmette Public School District 39
Statement of Revenues and Expenditures
OPERATING FUNDS
TENTATIVE BUDGET FY 2018-19

Exhibit D

**Municipal Retirement
Social Security Fund**

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Tentative Budget</u>	<u>Percent + or -</u>
Revenue:				
Real Estate Taxes	\$1,429,397	\$1,495,256	\$1,581,397	5.76%
Replacement Taxes	17,600	17,600	17,600	0.00%
State Aid	0	0	0	0.00%
Federal Aid	0	0	0	0.00%
Interest	6,415	6,100	4,666	-23.50%
TOTAL	\$1,453,412	\$1,518,956	\$1,603,663	5.58%
Expenditures:				
Salaries	\$0	\$0	\$0	0.00%
Employee Benefits	1,573,879	1,706,466	1,735,849	1.72%
Purchased Services	0.00	0.00	0.00	0.00%
Supplies	0.00	0.00	0.00	0.00%
Capital Outlay	0.00	0.00	0.00	0.00%
Tuition	0.00	0.00	0.00	0.00%
.	0.00	0.00	0.00	0.00%
TOTAL	\$1,573,879	\$1,706,466	\$1,735,849	1.72%
Revenue over Expenditures or (Expenditures over Revenues)	(\$120,467)	(\$187,510)	(\$132,186)	-29.50%
Fund Balance				
Beginning of Year	\$930,150	\$809,683	\$622,173	-23.16%
End of Year-(Projected)	\$809,683	\$622,173	\$489,988	-21.25%
Fund Balance as a Percentage of IMRF/SS Expenditures	51.4%	36.5%	28.2%	

Wilmette Public School District 39
Statement of Revenues and Expenditures
OPERATING FUNDS
TENTATIVE BUDGET FY 2018-19

Exhibit E

Working Cash Fund

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	
	Actual	Budget	Tentative Budget	Percent + or -
Revenue:				
Real Estate Taxes	\$103,694	\$105,638	\$86,256	-18.35%
Replacement Taxes	0	0	0	0.00%
State Aid	0	0	0	0.00%
Federal Aid	0	0	0	0.00%
Interest	5,607	6,900	7,695	11.52%
TOTAL	\$109,301	\$112,538	\$93,951	-16.52%
Expenditures:				
Salaries	\$0	\$0	\$0	0.00%
Employee Benefits	0	0	0	0.00%
Purchased Services	0	0	0	0.00%
Supplies	0	0	0	0.00%
Capital Outlay	0	0	0	0.00%
Tuition	0	0	0	0.00%
TOTAL	\$0	\$0	\$0	0.00%
Revenue over Expenditures or (Expenditures over Revenues)	\$109,301	\$112,538	\$93,951	-16.52%
Other Financing Sources (Uses):				
Proceeds from Bonds Issued				
Bond issuance Costs				
Transfer of interest/ accumulated balance	\$0	\$0	\$0	0.00%
Total Other Financing Sources/(Uses)	\$0	\$0	\$0	0.00%
Net Change in Fund Balance	\$109,301	\$112,538	\$93,951	-16.52%
Fund Balance				
Beginning of Year	\$804,177	\$913,478	\$1,026,016	12.32%
End of Year-(Projected)	\$913,478	\$1,026,016	\$1,119,967	9.16%

Wilmette Public School District 39
Statement of Revenues and Expenditures
OPERATING FUNDS
TENTATIVE BUDGET FY 2018-19

Exhibit F

Tort Fund

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	
	<u>Actual</u>	<u>Budget</u>	<u>tentative Budget</u>	<u>Percent + or -</u>
Revenue:				
Real Estate Taxes	\$469,054	\$332,631	\$278,048	-16.41%
Replacement Taxes	0	0	0	0.00%
State Aid	0	0	0	0.00%
Interest	5,650	7,400	6,015	-18.72%
Local	0	0	0	0.00%
TOTAL	\$474,704	\$340,031	\$284,063	-16.46%
Expenditures:				
Salaries	\$184,842	\$187,896	\$193,422	2.94%
Employee Benefits	32,156	35,024	33,219	-5.15%
Purchased Services	286,626	305,000	305,000	0.00%
Supplies	0	0	0	0.00%
Capital Outlay	0	0	0	0.00%
Other	0	0	0	0.00%
TOTAL	\$503,624	\$527,920	\$531,641	0.70%
Revenue over Expenditures or (Expenditures over Revenues)	(\$28,920)	(\$187,889)	(\$247,578)	31.77%
Fund Balance				
Beginning of Year	\$1,018,769	\$989,849	\$801,960	-18.98%
End of Year-(Projected)	\$989,849	\$801,960	\$554,382	-30.87%
Fund Balance as a Percentage of Tort Expenditures	196.5%	151.9%	104.3%	

Wilmette Public School District 39
Statement of Revenues and Expenditures
OPERATING FUNDS
TENTATIVE BUDGET FY 2018-19

Exhibit G

Operating Funds

	<u>2016-17</u> <u>FY17 Actual</u>	<u>2017-18</u> <u>FY18 Budget</u>	<u>2018-19</u> <u>Y19 Tentative Budget</u>	<u>Percent + or -</u>
Revenue:				
Educational	\$59,700,254	\$61,078,807	\$62,186,705	1.81%
Tort	474,704	340,031	284,063	-16.46%
Operations & Maintenance	7,707,935	8,665,841	9,093,348	4.93%
Transportation	1,777,626	1,882,181	1,794,237	-4.67%
IMRF/Social Security	1,453,412	1,518,956	1,603,663	5.58%
Working Cash	109,301	112,538	93,951	-16.52%
TOTAL	71,223,232	73,598,354	75,055,967	1.98%

Expenditures:

Educational	\$57,097,766	\$62,573,695	\$62,555,097	-0.03%
Tort	503,624	527,920	531,641	0.70%
Operations & Maintenance	4,691,482	5,129,637	5,639,576	9.94%
Transportation	1,590,845	1,966,945	2,049,861	4.22%
IMRF/Social Security	1,573,879	1,706,466	1,735,849	1.72%
Working Cash	0	0	0	0.00%
TOTAL	65,457,596	71,904,663	72,512,024	0.84%

Excess (deficit) of Revenue over Expenditures	\$5,765,636	\$1,693,691	\$2,543,943	50.20%
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Other Financial Sources/(Uses):

Net Other Financial Sources/(Uses)	(\$2,494,750)	(\$5,108,453)	(\$5,393,173)	5.57%
Net Change in Fund Balance	\$3,270,886	(\$3,414,762)	(\$2,849,230)	-16.56%

Fund Balance

Beginning of Year	\$35,599,362	\$38,870,248	\$35,455,486	-8.79%
End of Year-(Projected)	\$38,870,248	\$35,455,486	\$32,606,256	-8.04%

Fund Balance as a Percentage of Expenditures:	72.4%	61.2%	55.7%
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