

**INFORMATION ITEM**

**Date:** April 23, 2019  
**To:** Raymond E. Lechner, Ph.D.  
Superintendent  
**From:** Ellen Crispino  
Business Manager/CSBO  
**Subject:** Fiscal Year 2020 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 FY20 the Educational Fund budgeted revenues are projected to be \$49,224,121 and expenditures are budgeted at \$54,884,196 including Other Financial (Uses).

Attached is the District 39 financial statement of estimated Educational Fund revenues and expenditures for fiscal year 2020, which extends from July 1, 2019 through June 30, 2020. Based on these calculations, the Educational Fund is estimated to have a fund reserve ending balance of \$25,689,944 as of June 30, 2020, indicating a balance-to-expenditure ratio of 50.5% 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 property tax revenue for FY 2020 is tied to the 2017 Consumer Price Index (CPI) or “Tax Cap” of 2.1% and the 2018 Tax Cap of 1.9%. Non-tax revenues, derived primarily from instructional and co-curricular fees, food service and childcare fees, account for 8.2% of the total Educational Fund revenue. Interest Revenue is budgeted at 1.8% of the prior year’s fund balance.

*State & Federal Funding:* The FY20 budget assumes the District will receive a total of four state payments for our mandated categorical revenue and that state and federal funding will equal FY19 levels.

*Other Financial (Uses):* The FY20 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. Salary increases for teachers for FY 2020 are currently being negotiated. Salaries for support staff include a 2.1% increase per our negotiated contracts. The budget reflects projected staffing levels based on current enrollment numbers. In addition, it includes two licensed staff that were added in FY 2019 and 6.4 licensed staff in FY 2020 to support our special education program.

Benefits are the second largest expenditure in the Educational Fund. They represent 11.7% of the total Educational Fund Budget. A 2.3% increase over the FY19 budget has been built into the FY20 budget based on the most current enrollment estimates and staffing increases. Unknown at this time is if there will be any changes to 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 \$9,670,254 and expenditures are budgeted at \$6,205,680 before Other Financial Sources/(Uses). Other Sources reflects a permanent transfer from the Education Fund to Operations and Maintenance for planned construction projects, as well as a transfer from the Working Cash Fund due to a bond refunding/issue. 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 FY20 year-end fund balance is estimated at \$4,697,335.

Included in this fund is the cost of two planned construction projects. The first construction project is for a Library/Media/Technology Center addition with large space air conditioning and a special education classroom renovation at Highcrest Middle School. The second construction project is at Harper Elementary School which will add two new classrooms to support Kindergarten Enrichment as well as a third classroom for the Therapeutic Intervention Program (TIP).

**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. If needed, this interfund loan will be repaid within the same year. 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 FY20 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 2019.

## **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 FY20 budget assumes the District will receive a total of four state payments for special education transportation revenue. Transportation Fund budgeted revenues are estimated at \$1,923,543 and expenditures budgeted at \$2,092,574. There is a budgeted deficit of (\$169,031) for FY20.

The budgeted year-end reserve fund balance reflects \$1,343,172 or 64.2% of annual expenditures.

### **Illinois Municipal Retirement/Social Security Fund (Fund 50)**

The Illinois Municipal Retirement Fund (Exhibit D) contains budgets for the district's contribution to Social Security (FICA), Medicare and Illinois Municipal Retirement Fund (IMRF) for all eligible employees of the school district. IMRF/Social Security Fund estimated revenues are \$1,726,603 and expenditures, governed by law, are budgeted at \$1,717,659. There is an estimated surplus of \$8,944 for FY 20.

The projected year-end fund balance reflects \$641,653 or 37.4% 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 \$105,341 and budgeted expenditures are \$0. The projected year-end fund balance reflects \$1,214,146 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 \$493,801 and expenditures are budgeted at \$553,098.

The year-end fund balance is estimated at \$490,444 or 88.7% 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) FY20 revenues are budgeted at \$63,143,663 and projected expenditures are budgeted at \$65,275,464 including Other Financial Sources/(Uses). The budgeted year-end fund balance is estimated to be \$34,076,695 or 55.5% 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**

**Approved for presentation  
to the Board of Education**



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

Wilmette Public School District 39  
Statement of Revenues and Expenditures  
OPERATING FUNDS  
TENTATIVE BUDGET FY 2019-20

**Exhibit A**

**Educational Fund**

	<u>2017-18</u> <u>Actual</u>	<u>2018-19</u> <u>Budget</u>	<u>2019-20</u> <u>Tentative Budget</u>	<u>FY 20 vs. FY19</u> <u>\$ Incr/(Decr)</u>	<u>FY 20 vs. FY19</u> <u>% Incr/(Decr)</u>
<b>Revenue (excluding On-Behalf TRS):</b>					
Real Estate Taxes	39,390,624	40,169,866	40,651,426	481,560	1.20%
Replacement Taxes	412,617	382,539	382,539	0	0.00%
State Aid	3,434,911	3,039,675	3,034,768	(4,907)	-0.16%
Federal Aid	1,211,828	1,125,187	1,125,187	0	0.00%
Interest	401,345	323,100	564,300	241,200	74.65%
Local	3,506,524	3,356,736	3,465,901	109,165	3.25%
<b>TOTAL</b>	<b>48,357,848</b>	<b>48,397,103</b>	<b>49,224,121</b>	<b>827,018</b>	<b>1.71%</b>

**Expenditures (excluding On-Behalf TRS):**

Salaries	36,356,870	37,312,755	39,083,875	1,771,120	4.75%
Employee Benefits	5,350,148	5,835,403	5,970,224	134,821	2.31%
Purchased Services	1,084,759	1,150,275	1,131,715	(18,560)	-1.61%
Supplies	2,286,607	2,389,443	2,590,608	201,165	8.42%
Capital Outlay	985,443	661,167	662,848	1,681	0.25%
Tuition-Special Education/Other	958,085	1,264,048	1,444,926	180,878	14.31%
<b>TOTAL</b>	<b>47,021,911</b>	<b>48,613,091</b>	<b>50,884,196</b>	<b>2,271,105</b>	<b>4.67%</b>

**Revenue over Expenditures or (Expenditures over Revenues)**

	1,335,937	(215,988)	(1,660,075)	(1,444,087)	668.60%
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**Other Financial Sources/(Uses):**

Transfer to O & M Fund	(2,500,000)	(750,000)	(4,000,000)	(3,250,000)	433.33%
Transfer to Debt Service	(195,710)	0	0	0	0.00%
Sale from Fixed Assets					
Capital Lease Proceeds					
<b>Total Other Financing Sources/(Uses)</b>	<b>(2,695,710)</b>	<b>(750,000)</b>	<b>(4,000,000)</b>	<b>(3,250,000)</b>	<b>433.33%</b>

Net Change in Fund Balance	(1,359,773)	(965,988)	(5,660,075)	(4,694,087)	485.94%
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**Fund Balance**

Beginning of Year	33,675,780	32,316,007	31,350,019		-2.99%
End of Year-(Projected)	32,316,007	31,350,019	25,689,944		-18.05%

Fund Balance as a Percentage of Educational Expenditures

68.73%	64.49%	50.49%
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**Additional Information Related to Teachers' Retirement System of the State of Illinois (TRS)**

	<u>2017-18</u> <u>Actual</u>	<u>2018-19</u> <u>Budget</u>	<u>2019-20</u> <u>Tentative Budget</u>	<u>FY 20 vs. FY19</u> <u>\$ Incr/(Decr)</u>	<u>FY 20 vs. FY19</u> <u>% Incr/(Decr)</u>
On-Behalf Contributions to TRS	14,117,237	14,703,185	14,703,185	0	0.00%
Total Revenue with On-Behalf Contributions to TRS	62,475,085	63,100,288	63,927,306	827,018	1.31%
Total Expenditures with On-Behalf Contributions to	61,139,148	63,316,276	65,587,381	2,271,105	3.59%

**Note**

As of June 30, 2018, on the District's most recently audited financial statements, the District's proportionate share of the TRS net pension liability, was \$3,907,494 and the State's proportionate share of the net pension liability was \$220,633,101. The District's proportionate share of the Teacher Health Insurance Security Fund net liability, was \$33,610,609 and the State's proportionate share of the net liability was \$44,139,081.

Wilmette Public School District 39  
Statement of Revenues and Expenditures  
OPERATING FUNDS  
TENTATIVE BUDGET FY 2019-20

Exhibit B

**Operations & Maintenance**

<b>Fund</b>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>FY 20 vs. FY19</u>	<u>FY 20 vs. FY19</u>
	<u>Actual</u>	<u>Budget</u>	<u>Tentative Budget</u>	<u>\$ Incr/(Decr)</u>	<u>% Incr/(Decr)</u>
<b>Revenue:</b>					
Real Estate Taxes	8,282,399	8,812,082	9,594,264	782,182	8.88%
Replacement Taxes	0	0	0	0	0.00%
State Aid	875	0	0	0	0.00%
Federal Aid	0	0	0	0	0.00%
Interest	33,063	30,500	18,990	(11,510)	-37.74%
Local	171,560	60,000	57,000	(3,000)	-5.00%
<b>TOTAL</b>	<b>8,487,897</b>	<b>8,902,582</b>	<b>9,670,254</b>	<b>767,672</b>	<b>8.62%</b>
<b>Expenditures:</b>					
Salaries	1,639,729	1,738,600	1,775,518	36,918	2.12%
Employee Benefits	301,020	348,441	307,048	(41,393)	-11.88%
Purchased Services	1,533,352	1,904,515	2,160,714	256,199	13.45%
Supplies	870,221	1,039,400	1,007,400	(32,000)	-3.08%
Capital Outlay	243,734	1,191,112	955,000	(236,112)	-19.82%
Other	0	0	0	0	0.00%
<b>TOTAL</b>	<b>4,588,056</b>	<b>6,222,068</b>	<b>6,205,680</b>	<b>(16,388)</b>	<b>-0.26%</b>
<b>Revenue over Expenditures</b>	<b>3,899,841</b>	<b>2,680,514</b>	<b>3,464,574</b>	<b>784,060</b>	<b>29.25%</b>
<b>Other Financial Sources/(Uses):</b>					
Debt Service Extension Base/Debt Certificate Refun	0	0	0	0	0.00%
Transfer from ED Fund	2,500,000	750,000	4,000,000	3,250,000	433.33%
Transfer from Working Cash - Debt Service Extension Base/Debt Certificate Refunding	0	0	4,000,000	4,000,000	100.00%
Transfer to Capital Projects	(3,711,521)	(4,593,630)	(7,022,614)	(2,428,984)	52.88%
Transfer to Debt Service	(762,743)	(799,543)	(799,643)	(100)	0.01%
<b>Total Other Financing Sources/(Uses)</b>	<b>(1,974,264)</b>	<b>(4,643,173)</b>	<b>177,743</b>	<b>4,820,916</b>	<b>-103.83%</b>
<b>Net Change in Fund Balance</b>	<b>1,925,577</b>	<b>(1,962,659)</b>	<b>3,642,317</b>	<b>5,604,976</b>	<b>-285.58%</b>
<b>Fund Balance</b>					
Beginning of Year	1,092,100	3,017,677	1,055,018		-65.04%
End of Year-(Projected)	3,017,677	1,055,018	4,697,335		345.24%
<b>Fund Balance as a Percentage of Operations and Maintenance Expenditures</b>	<b>65.8%</b>	<b>17.0%</b>	<b>75.7%</b>		

Wilmette Public School District 39  
Statement of Revenues and Expenditures  
OPERATING FUNDS  
TENTATIVE BUDGET FY 2019-20

Exhibit C

**Transportation Fund**

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>FY 20 vs. FY19</u>	<u>FY 20 vs. FY19</u>
	<u>Actual</u>	<u>Budget</u>	<u>Tentative Budget</u>	<u>\$ Incr/(Decr)</u>	<u>% Incr/(Decr)</u>
<b>Revenue:</b>					
Real Estate Taxes	650,335	622,582	641,323	18,741	3.01%
Replacement Taxes	0	0	0	0	0.00%
State Aid	500,941	662,800	617,000	(45,800)	-6.91%
Federal Aid	0	0	0	0	0.00%
Interest	18,849	14,800	27,220	12,420	83.92%
Local	629,337	639,000	638,000	(1,000)	-0.16%
<b>TOTAL</b>	<b>1,799,461</b>	<b>1,939,182</b>	<b>1,923,543</b>	<b>(15,639)</b>	<b>-0.81%</b>
<b>Expenditures:</b>					
Salaries	50,614	51,959	54,026	2,067	3.98%
Employee Benefits	2,662	2,681	2,098	(583)	-21.75%
Purchased Services	1,632,605	1,830,400	2,011,900	181,500	9.92%
Supplies	3,415	4,050	4,050	0	0.00%
Capital Outlay	0	0	0	0	0.00%
Other	16,912	20,500	20,500	0	0.00%
<b>TOTAL</b>	<b>1,706,208</b>	<b>1,909,590</b>	<b>2,092,574</b>	<b>182,984</b>	<b>9.58%</b>
<b>Revenue over Expenditures or (Expenditures over Revenues)</b>	<b>93,253</b>	<b>29,592</b>	<b>(169,031)</b>	<b>(198,623)</b>	<b>-671.21%</b>
Sale of Fixed Assets	0	0	0	0	0.00%
Total Other Financing Sources/(Uses)	0	0	0	0	
Net Change in Fund Balance	93,253	29,592	(169,031)	(198,623)	-671.21%
<b>Fund Balance</b>					
Beginning of Year	1,389,358	1,482,611	1,512,203		2.00%
End of Year-(Projected)	1,482,611	1,512,203	1,343,172		-11.18%
Fund Balance as a Percentage of Transportation Expenditures	86.9%	79.2%	64.2%		

Wilmette Public School District 39  
Statement of Revenues and Expenditures  
OPERATING FUNDS  
TENTATIVE BUDGET FY 2019-20

Exhibit D

**Municipal Retirement  
Social Security Fund**

	<u>2017-18</u> <u>Actual</u>	<u>2018-19</u> <u>Budget</u>	<u>2019-20</u> <u>Tentative Budget</u>	<u>FY 20 vs. FY19</u> <u>\$ Incr/(Decr)</u>	<u>FY 20 vs. FY19</u> <u>% Incr/(Decr)</u>
<b>Revenue:</b>					
Real Estate Taxes	1,480,972	1,549,426	1,697,614	148,188	9.56%
Replacement Taxes	17,600	17,600	17,600	0	0.00%
State Aid	0	0	0	0	0.00%
Federal Aid	0	0	0	0	0.00%
Interest	9,516	7,200	11,389	4,189	58.18%
<b>TOTAL</b>	<b>1,508,088</b>	<b>1,574,226</b>	<b>1,726,603</b>	<b>152,377</b>	<b>9.68%</b>
<b>Expenditures:</b>					
Salaries	0	0	0	0	0.00%
Employee Benefits	1,599,443	1,659,845	1,717,659	57,814	3.48%
Purchased Services	0	0	0	0	0.00%
Supplies	0	0	0	0	0.00%
Capital Outlay	0	0	0	0	0.00%
Tuition	0	0	0	0	0.00%
.	0	0	0	0	0.00%
<b>TOTAL</b>	<b>1,599,443</b>	<b>1,659,845</b>	<b>1,717,659</b>	<b>57,814</b>	<b>3.48%</b>
<b>Revenue over Expenditures or (Expenditures over Revenues)</b>	<b>(91,355)</b>	<b>(85,619)</b>	<b>8,944</b>	<b>94,563</b>	<b>-110.45%</b>
<b>Fund Balance</b>					
Beginning of Year	809,683	718,328	632,709		-11.92%
End of Year-(Projected)	<u>718,328</u>	<u>632,709</u>	<u>641,653</u>		<u>1.41%</u>
Fund Balance as a Percentage of IMRF/SS Expenditures	44.9%	38.1%	37.4%		

Wilmette Public School District 39  
Statement of Revenues and Expenditures  
OPERATING FUNDS  
TENTATIVE BUDGET FY 2019-20

Exhibit E

**Working Cash Fund**

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>FY 20 vs. FY19</u>	<u>FY 20 vs. FY19</u>
	<u>Actual</u>	<u>Budget</u>	<u>Tentative Budget</u>	<u>\$ Incr/(Decr)</u>	<u>% Incr/(Decr)</u>
<b>Revenue:</b>					
Real Estate Taxes	93,988	81,706	85,383	3,677	4.50%
Replacement Taxes	0	0	0	0	0.00%
State Aid	0	0	0	0	0.00%
Federal Aid	0	0	0	0	0.00%
Interest	9,433	10,200	19,958	9,758	95.67%
<b>TOTAL</b>	<b>103,421</b>	<b>91,906</b>	<b>105,341</b>	<b>13,435</b>	<b>14.62%</b>
<b>Expenditures:</b>					
Salaries	0	0	0	0	0.00%
Employee Benefits	0	0	0	0	0.00%
Purchased Services	0	0	0	0	0.00%
Supplies	0	0	0	0	0.00%
Capital Outlay	0	0	0	0	0.00%
Tuition	0	0	0	0	0.00%
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>Revenue over Expenditures or (Expenditures over Revenues)</b>	<b>103,421</b>	<b>91,906</b>	<b>105,341</b>	<b>13,435</b>	<b>14.62%</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Bonds Issued	0	0	4,000,000	4,000,000	100.00%
Transfer Bond Proceeds to O&M	0	0	(4,000,000)	(4,000,000)	100.00%
Bond issuance Costs				0	
Transfer of interest/ accumulated balance	0	0	0	0	0.00%
<b>Total Other Financing Sources/(Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>Net Change in Fund Balance</b>	<b>103,421</b>	<b>91,906</b>	<b>105,341</b>	<b>13,435</b>	<b>14.62%</b>
<b>Fund Balance</b>					
Beginning of Year	913,479	1,016,899	1,108,805		9.04%
End of Year-(Projected)	<u>1,016,899</u>	<u>1,108,805</u>	<u>1,214,146</u>		<u>9.50%</u>



Wilmette Public School District 39  
Statement of Revenues and Expenditures  
OPERATING FUNDS  
TENTATIVE BUDGET FY 2019-20

**Exhibit F**

**Tort Fund**

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>FY 20 vs. FY19</u>	<u>FY 20 vs. FY19</u>
	<u>Actual</u>	<u>Budget</u>	<u>Tentative Budget</u>	<u>\$ Incr/(Decr)</u>	<u>% Incr/(Decr)</u>
<b>Revenue:</b>					
Real Estate Taxes	321,232	276,080	483,906	207,826	75.28%
Replacement Taxes	0	0	0	0	0.00%
State Aid	0	0	0	0	0.00%
Interest	7,593	7,815	9,895	2,080	26.62%
Local	0	0	0	0	0.00%
<b>TOTAL</b>	<b>328,825</b>	<b>283,895</b>	<b>493,801</b>	<b>209,906</b>	<b>73.94%</b>
<b>Expenditures:</b>					
Salaries	187,874	191,118	202,871	11,753	6.15%
Employee Benefits	32,503	33,219	20,227	(12,992)	-39.11%
Purchased Services	278,115	330,000	330,000	0	0.00%
Supplies	0	0	0	0	0.00%
Capital Outlay	0	0	0	0	0.00%
Other	0	0	0	0	0.00%
<b>TOTAL</b>	<b>498,491</b>	<b>554,337</b>	<b>553,098</b>	<b>(1,239)</b>	<b>-0.22%</b>
<b>Revenue over Expenditures or (Expenditures over Revenues)</b>	<b>(169,666)</b>	<b>(270,442)</b>	<b>(59,297)</b>	<b>211,145</b>	<b>-78.07%</b>
<b>Fund Balance</b>					
Beginning of Year	989,849	820,183	549,741		-32.97%
End of Year-(Projected)	820,183	549,741	490,444		-10.79%
Fund Balance as a Percentage of Tort Expenditures	164.5%	99.2%	88.7%		