
Arlington Heights School District 25 Five Year Financial Projections

December 12, 2019

Presented By

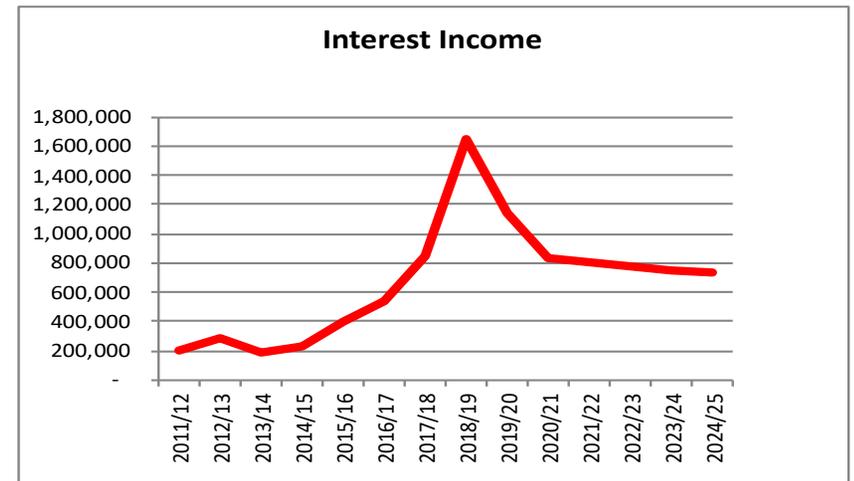
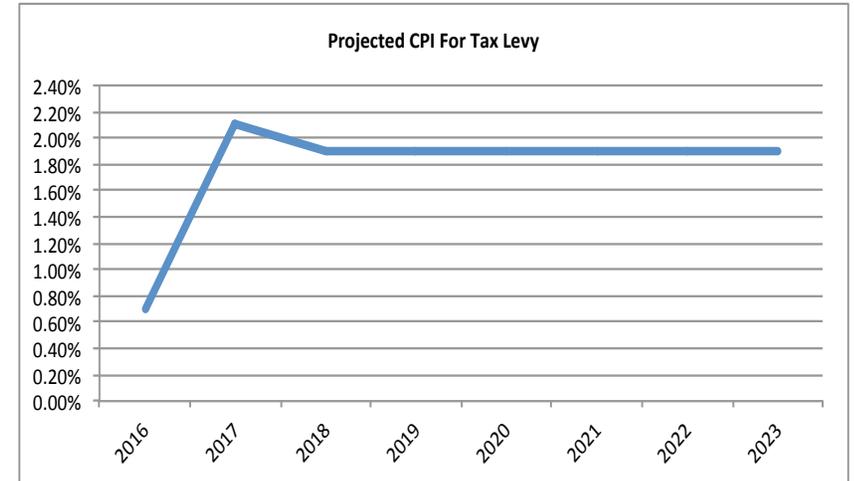
Stacey Mallek

Asst Superintendent For Business/CSBO

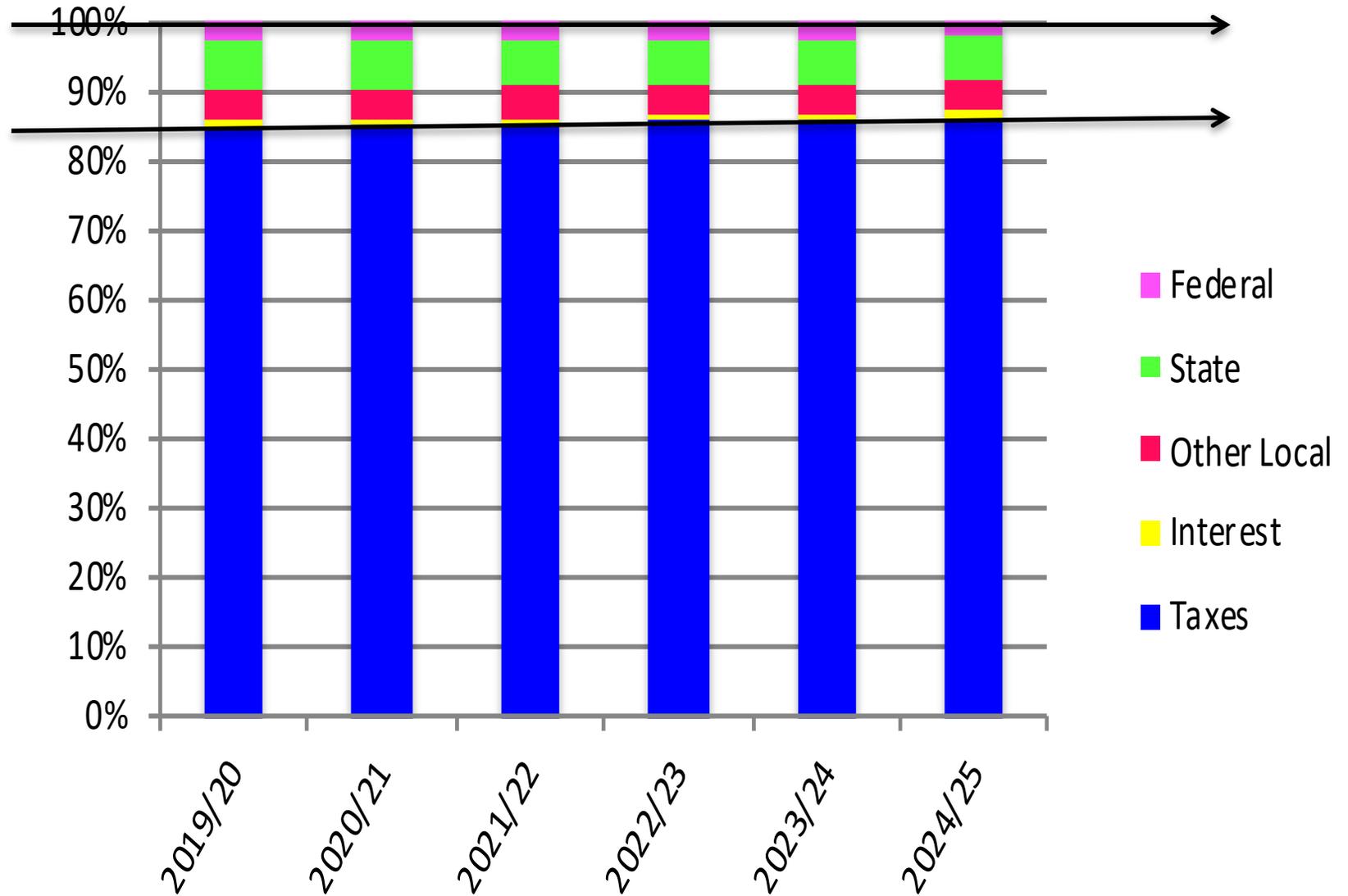
Assumptions

Revenues

- Property Taxes
 - < 1% new growth annually
 - Tax refunds of \$433,000 annually
- State
 - Evidence Based Funding
 - Transportation reimbursement
- Federal
 - IDEA, ESSA
- No significant change in local revenue
- Interest income projections are 1.5% of prior year fund balance



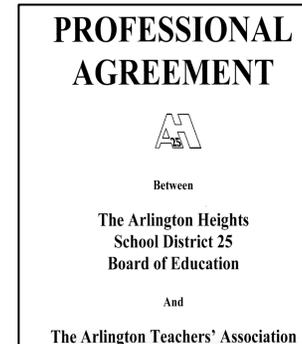
D25 Projected Revenues



Assumptions - Expenditures

Education Fund

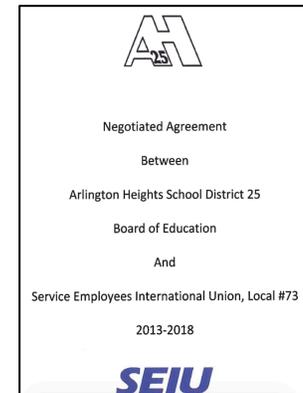
- **Salaries**
 - Current staff levels and negotiated agreement
 - CPI
 - 3 retirements annually
- **Benefits**
 - Health insurance costs increase 6% annually
 - Tier I and II TRS pension costs of 0.58% times projected salaries
 - Tier III – not incorporated
 - THIS costs of 0.92% time projected salaries
 - State pension cost shift – an additional 0.5% of total TRS salaries per year (i.e. 0.5%, 1.0%, 1.5%, etc) beginning in 2021/22
- **Purchased services/Supplies**
 - Software system maintenance contracts/licenses, auditors, legal counsel, staff development, mileage reimbursement, postage, etc.
- **Tuition - flat**
- **Contingencies**
 - 5 FTE for certified staff, 5 FTE for non-certified staff
 - \$100,000 for non-staff emergencies



Assumptions - Expenditures

Operations & Maintenance Fund

- Salaries
 - Current staff and negotiated agreement
- Benefits
 - Health insurance costs increase by 6%
- Purchased Services
 - Telephone, sanitation, water/sewer, landscape maintenance, building automation system contract, repair and maintenance contracts, property/liability insurance, etc.
 - Increase by 1% annually
- Supplies
 - Custodial and maintenance supplies, natural gas, electricity, mulch, salt, etc.
 - Increase by 1.5% annually
- Capital Outlay
 - \$60,000/yr for District vehicle replacement
- Transfers
 - To Capital Projects Fund from O&M and Working Cash (bond proceeds)





Assumptions - Expenditures

Debt Service Fund

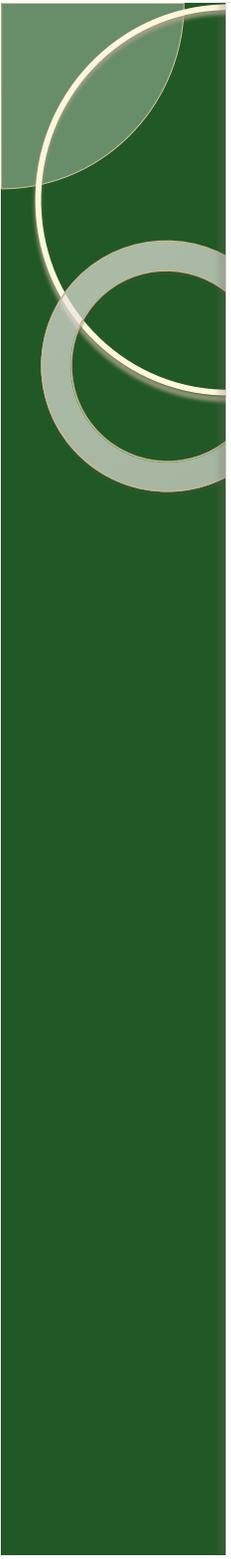
- Payments on bond issues

Transportation Fund

- Annual increase for bus transportation costs of 3%

IMRF/Social Security Fund

- Pension costs increase in relationship to related salaries
- IMRF employer rate 10.08% in 2019 to 13.35% in 2024



Assumptions - Expenditures

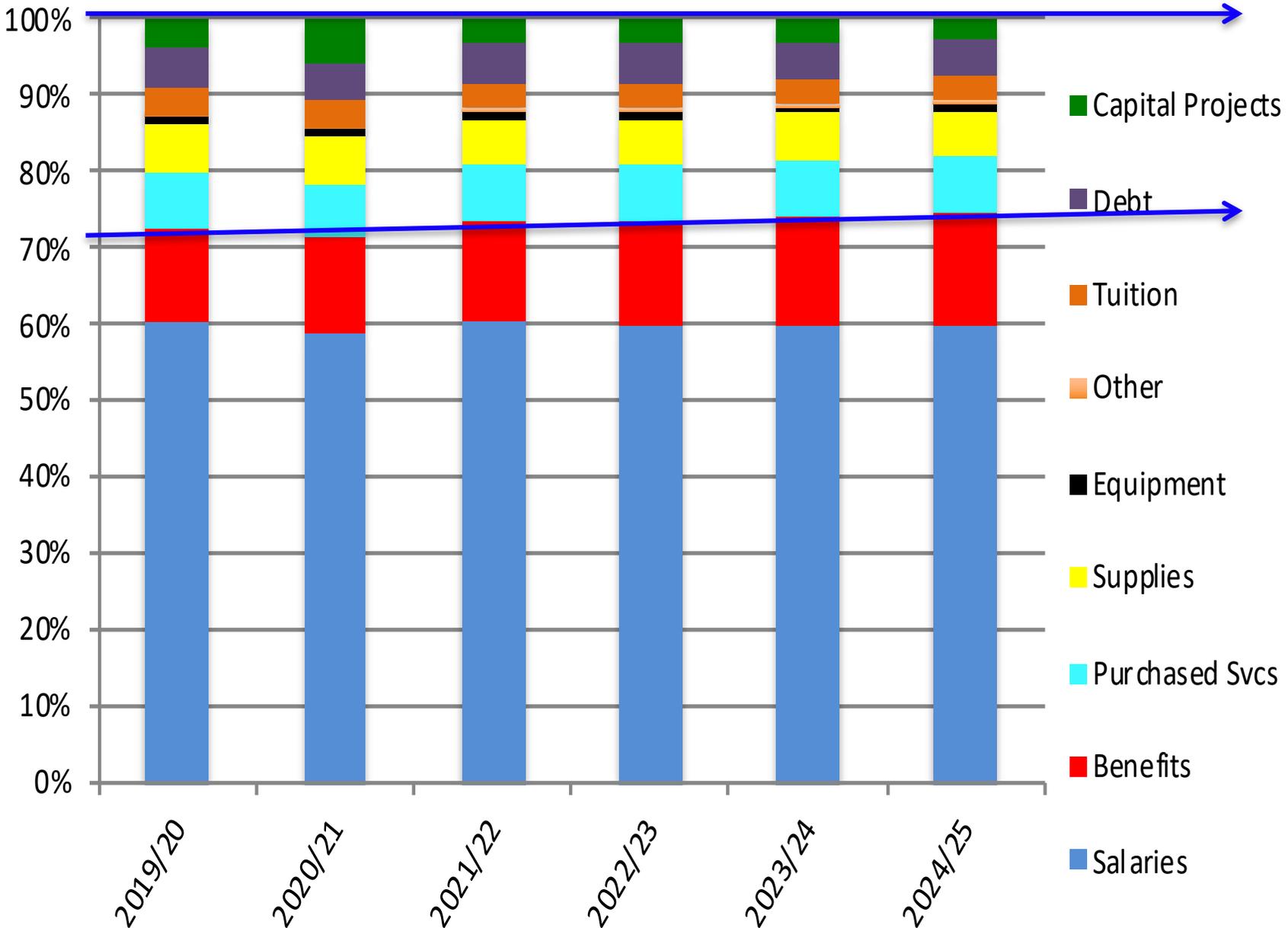
Capital Projects Fund

- Based on Five-Year Facilities Master Plan presented to the Board in September 2018
 - 2020 summer projects \$5.295 million
- Total of about \$14.8 million for building projects (paving, flooring, projects, roofs, HVAC, galvanized piping, etc.)

Life Safety Fund

- \$1.1 million over next 5 years for life safety work
 - Based on life safety maintenance work

D25 Projected Expenditures

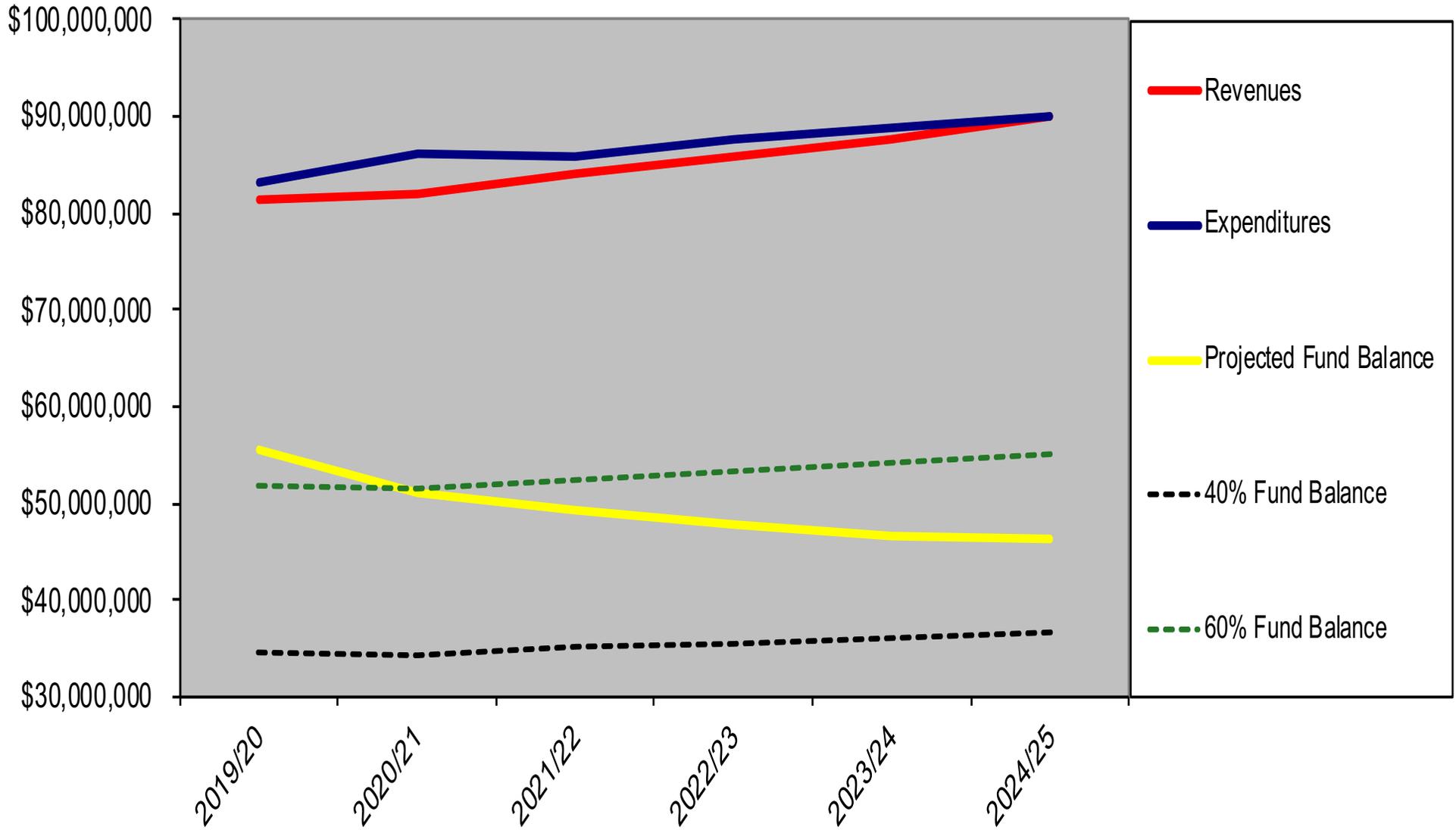


Financial Summary: All Funds

	Budget 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25
Revenues						
Property Taxes	\$ 67,334,559	\$ 68,798,257	\$ 70,668,329	\$ 72,656,219	\$ 74,463,209	\$ 76,621,598
CPPRT	\$ 1,098,819	\$ 870,000	\$ 870,000	\$ 870,000	\$ 870,000	\$ 870,000
Interest	\$ 1,143,000	\$ 831,200	\$ 768,300	\$ 741,000	\$ 715,900	\$ 699,800
Food Service	\$ 1,851,520	\$ 1,791,520	\$ 1,791,520	\$ 1,791,520	\$ 1,791,520	\$ 1,791,520
Rentals	\$ 993,300	\$ 1,008,200	\$ 1,023,322	\$ 1,038,672	\$ 1,054,252	\$ 1,070,066
Other Local (tuition, fees, etc.)	1,021,852	994,350	994,350	994,350	994,350	994,350
Bonds	-	-	-	-	-	-
State	5,776,292	5,714,268	5,714,268	5,714,268	5,714,268	5,714,268
Federal	<u>2,060,184</u>	<u>2,060,184</u>	<u>2,060,184</u>	<u>2,060,184</u>	<u>2,060,184</u>	<u>2,060,184</u>
Total Revenues	\$81,279,526	\$ 82,067,978	\$83,890,274	\$85,866,214	\$87,663,683	\$89,821,786
Expenditures						
Salaries	50,000,064	50,824,490	51,631,480	52,454,610	53,253,602	54,149,774
Employee Benefits	10,466,738	10,781,965	11,364,015	11,970,086	12,600,100	13,218,549
Purchased Svcs	5,965,385	6,171,011	6,305,436	6,443,235	6,557,047	6,673,018
Supplies	5,263,738	5,281,379	5,299,284	5,317,459	5,335,905	5,354,629
Capital Outlay	825,909	825,909	825,909	825,909	825,909	825,909
Other	186,530	185,105	230,105	230,105	245,105	215,105
Tuition	2,878,716	2,878,716	2,878,716	2,878,716	2,878,716	2,878,716
Debt	4,413,165	4,414,662	4,404,112	4,419,337	4,270,937	4,284,981
Sub-Total Expenditures	\$80,000,245	\$ 81,363,237	\$82,939,058	\$84,539,457	\$85,967,322	\$87,600,681
Sub-Total Surplus/(Deficit)	\$ 1,279,281	\$ 704,741	\$ 951,216	\$ 1,326,757	\$ 1,696,361	\$ 2,221,105
Construction/Life Safety	<u>3,047,900</u>	<u>4,882,460</u>	<u>2,779,000</u>	<u>2,993,500</u>	<u>2,771,500</u>	<u>2,500,000</u>
Total Surplus/(Deficit)	\$ (1,768,619)	\$ (4,177,719)	\$ (1,827,784)	\$ (1,666,743)	\$ (1,075,139)	\$ (278,895)
Ending Fund Balance	55,369,870	51,192,151	49,364,367	47,697,624	46,622,485	46,343,591
Less: Debt Service FB	(1,263,436)	(1,269,615)	(1,282,527)	(1,306,836)	(1,254,072)	(1,270,168)
Net Fund Balance	54,106,434	49,922,536	48,081,840	46,390,788	45,368,414	45,073,423
% of next yr's budget	66.1%	61.4%	57.9%	54.9%	52.9%	51.5%

In February of 2019, projected fund balance was 50% in 2023/24

Arlington Heights School District 25 Projected Revenues, Expenditures and Fund Balance





Funding for Capital Projects

- 11/14/19 – 5 Year Facilities Plan totaling \$26.1 million
- \$15.9 million included in projections
- Impact of funding all from operating funds?

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Revenues						
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CPPRT	\$ 1,098,819	\$ 870,000	\$ 870,000	\$ 870,000	\$ 870,000	\$ 870,000
Interest	\$ 1,143,000	\$ 831,200	\$ 768,300	\$ 699,900	\$ 636,400	\$ 599,200
Food Service	\$ 1,851,520	\$ 1,791,520	\$ 1,791,520	\$ 1,791,520	\$ 1,791,520	\$ 1,791,520
Rentals	\$ 993,300	\$ 1,008,200	\$ 1,023,322	\$ 1,038,672	\$ 1,054,252	\$ 1,070,066
Other Local (tuition, fees, etc.)	1,021,852	994,350	994,350	994,350	994,350	994,350
Bonds	-	-	-	-	-	-
State	5,776,292	5,714,268	5,714,268	5,714,268	5,714,268	5,714,268
Federal	<u>2,060,184</u>	<u>2,060,184</u>	<u>2,060,184</u>	<u>2,060,184</u>	<u>2,060,184</u>	<u>2,060,184</u>
Total Revenues	\$81,279,526	\$82,067,978	\$83,890,274	\$85,825,114	\$87,584,183	\$89,721,186
Expenditures						
Salaries	50,000,064	50,824,490	51,631,480	52,454,610	53,253,602	54,149,774
Employee Benefits	10,466,738	10,781,965	11,364,015	11,970,086	12,600,100	13,218,549
Purchased Svcs	5,965,385	6,171,011	6,305,436	6,443,235	6,557,047	6,673,018
Supplies	5,263,738	5,281,379	5,299,284	5,317,459	5,335,905	5,354,629
Capital Outlay	825,909	825,909	825,909	825,909	825,909	825,909
Other	186,530	185,105	230,105	230,105	245,105	215,105
Tuition	2,878,716	2,878,716	2,878,716	2,878,716	2,878,716	2,878,716
Debt	4,413,165	4,414,662	4,404,112	4,419,337	4,270,937	4,284,981
Sub-Total Expenditures	\$80,000,245	\$81,363,237	\$82,939,058	\$84,539,457	\$85,967,322	\$87,600,681
Sub-Total Surplus/(Deficit)	\$ 1,279,281	\$ 704,741	\$ 951,216	\$ 1,285,657	\$ 1,616,861	\$ 2,120,505
Construction/Life Safety	<u>3,047,900</u>	<u>4,882,460</u>	<u>5,510,400</u>	<u>5,509,000</u>	<u>4,099,500</u>	<u>6,043,000</u>
Total Surplus/(Deficit)	\$ (1,768,619)	\$ (4,177,719)	\$ (4,559,184)	\$ (4,223,343)	\$ (2,482,639)	\$ (3,922,495)
Ending Fund Balance	55,369,870	51,192,151	46,632,967	42,409,624	39,926,985	36,004,491
Less: Debt Service FB	(1,263,436)	(1,269,615)	(1,282,527)	(1,306,836)	(1,254,072)	(1,270,168)
Net Fund Balance	54,106,434	49,922,536	45,350,440	41,102,788	38,672,914	34,734,323
% of next yr's budget	66.1%	59.4%	53.0%	47.9%	43.3%	39.7%

Current Fund Balance Goal = 60%

- Taxes collected in March/April and August/September (no longer December)
- Fund Balance as of 6/30 must provide cash flow for expenditures until 2nd installment of property taxes is received

Month Taxes Are Received	Months that Reserves will cover Expenditures	# Months	% of Fiscal Year
October	Jul - Sep	3	25%
November	Jul - Oct	4	33%
December	Jul - Nov	5	42%

Take Aways

- ☹️ Largest revenue source predicted to grow at 10-year CPI average of 1.9% each year (used to be 2.4%)
- ☹️ Can't control all expenditures
 - ☹️ (utility costs, benefits, State mandates, gas prices, out-of-district tuition)
- ☹️ Property tax reform?
 - ☹️ Based on fund balance > 50%?
- ☹️ Unfunded mandates

Salaries tied to CPI

New State funding formula – will the hold harmless remain?

Pension reform - anticipated

Contingency funds use

Tax refunds

Fund Balance & Time



Questions?