



AHSD 25 Five Year Financial Projections

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PRESENTATION OUTLINE SLIDE

This presentation will cover:

1. Assumptions | Revenues
2. Assumptions | Expenditure
3. Projections
4. Funding for Capital Projects
5. Fund Balance
6. Take Aways
7. Options for Future Consideration

ASSUMPTIONS | Revenues



Revenues

- **Property Taxes**
 - Growth based on CPI
 - <1% new growth annually
 - No refund recapture beginning with 2022 levy
 - Annual decision so not projected for future years

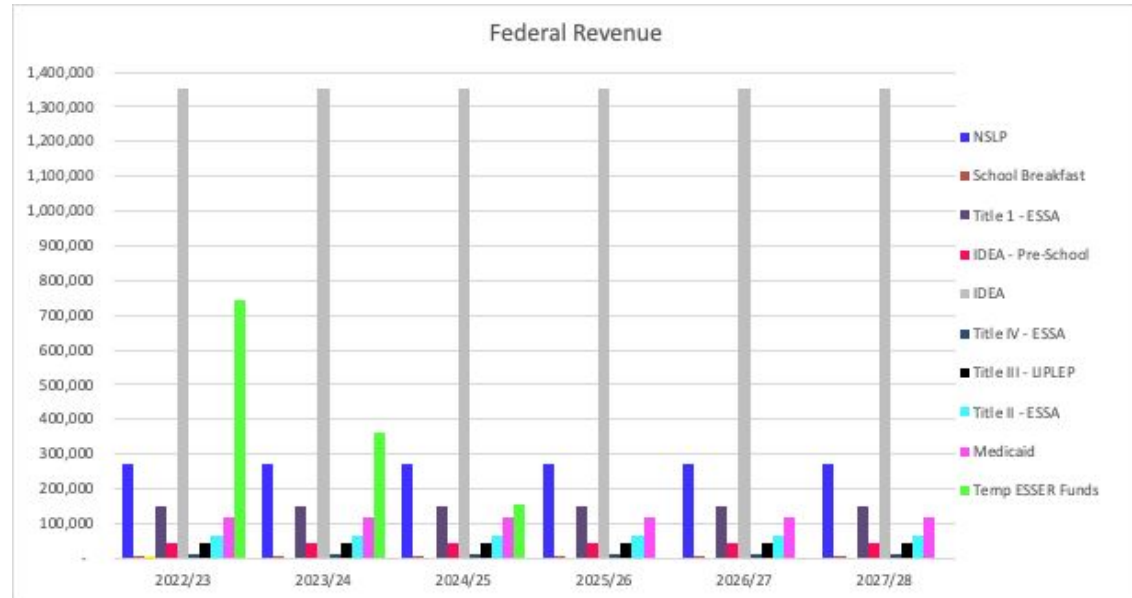


ASSUMPTIONS | Revenues



Revenues

- **State**
 - Evidence Based Funding
 - Transportation reimbursement
- **Federal**
 - IDEA, Title Grants, NSLP
 - Temporary Funds due to pandemic (ESSER, IDEA ARP)

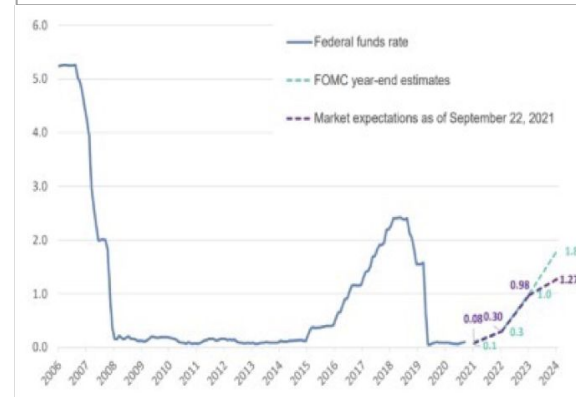
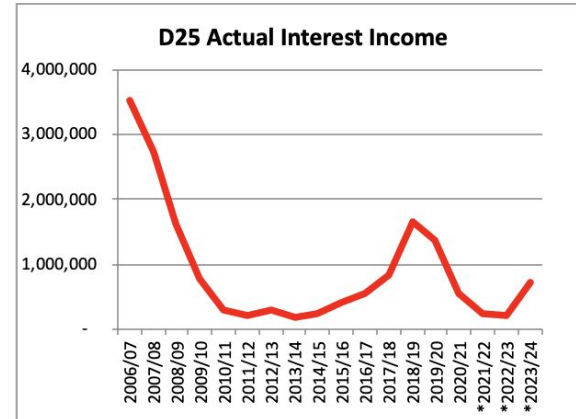


ASSUMPTIONS | Revenues

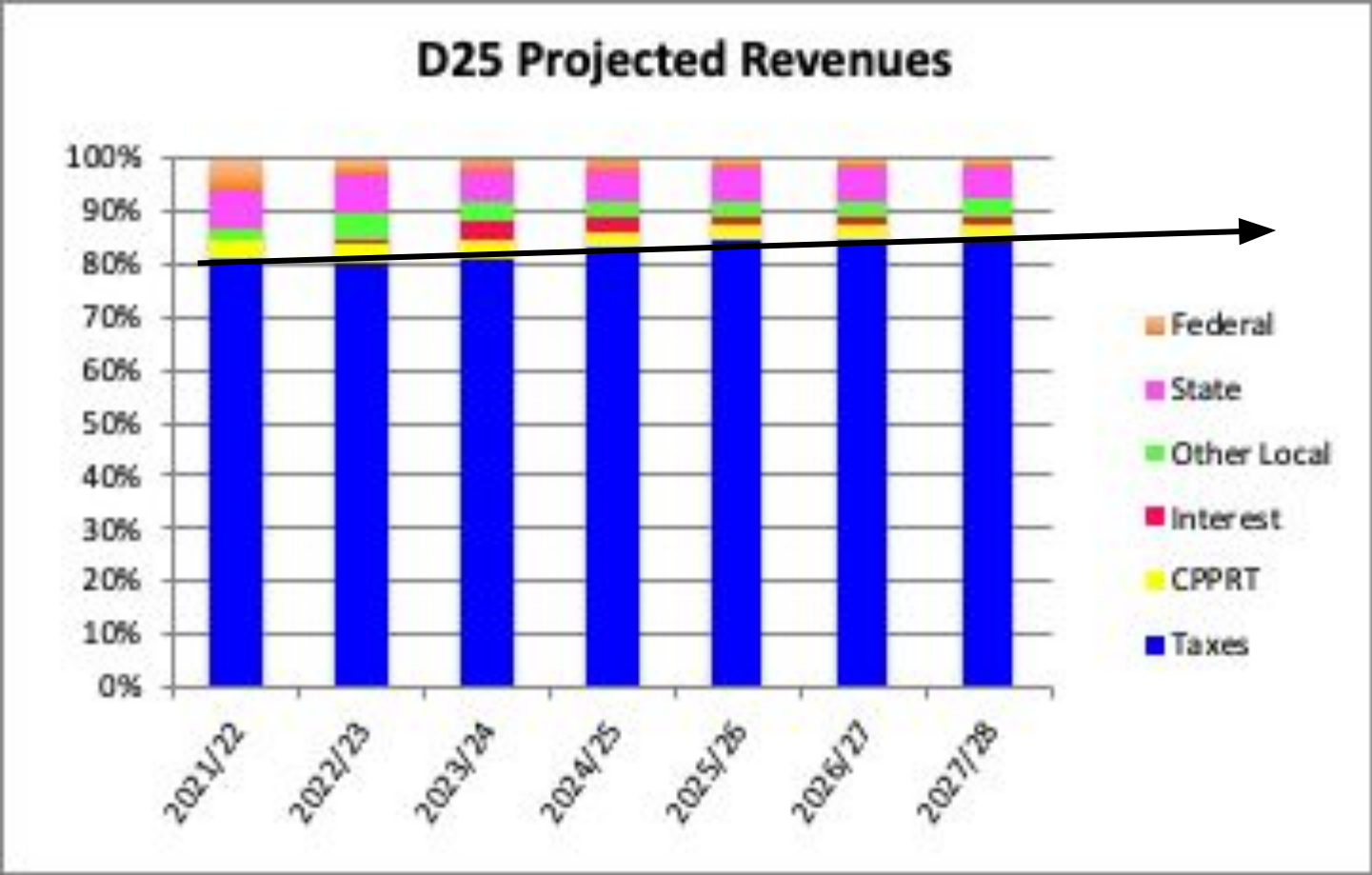


Revenues

- **No significant change in local revenue**
 - Corporate Personal Property Replacement Tax (\$3.0m)
 - Determined by State
 - Rental agreements for Rand & Miner (\$1m)
 - Student Fees
- **Interest income projections (as a % of prior year fund balance)**
 - 2022/2023 - 1.0%
 - 2023/2024 - 4.0%
 - 2024/2025 - 3.0%
 - 2025/2026 -and after 2.0%



D25 Projected Revenues



ASSUMPTIONS | Expenditures



Education Fund

● Salaries

- Current staff levels and negotiated agreement
- Addition of \$1.3M FDK staff beginning 2024/25
- Tied to CPI
- 3 retirements annually

● Benefits

- Health insurance costs increase 6% annually
- Tier I and II TRS pension costs of 0.58% of salaries
- THIS costs of 0.67% of salaries
- State pension cost shift – an additional 0.5% of TRS salaries per year (i.e. 0.5%, 1.0%, 1.5%, etc) beginning in 2024/25

- **Misc** – Reduction in expenditures paid through temporary federal funds

● Purchased services/Supplies

- Software system maintenance contracts/licenses (2% increase/yr), auditors, legal counsel, staff development, mileage reimbursement, postage, etc.
- Math curriculum adoption 2022/23 = (\$945,954)
- K – 2 iPad replacements in 2023/24 = \$765,000

● Furniture/Equipment

- Tech Infrastructure 2023/24 = \$380,000 and 2027/28 = \$270,000
- Cafeteria tables in 2022/23 = (\$190,000)

● 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 projected negotiated agreement
 - Addition of \$97K staff beginning 2024/25 for building additions
- **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
 - Increase of \$37K in utility costs in 2024/25 for building additions
- **Capital Outlay**
 - \$60,000/yr for District vehicle replacement
- **Transfers**
 - O&M Fund to capital projects funds - \$3M annually
 - Working Cash Fund interest to capital projects fund beginning 2023/24

ASSUMPTIONS | Expenditures



Debt Service Fund

- **Payments on Bond issues**
 - No levy for or payments on \$15M future debt issue

Transportation Fund

- Annual increase for bus transportation costs of 5% for 2023/24 and 3% thereafter

IMRF/Social Security Fund

- Pension costs increase in relationship to related salaries
- IMRF employer rate 8.23% in 2023 to 6.00% in 2027

Tort Fund

- Annual increase of 9% /yr for property/liability/workers comp insurance

ASSUMPTIONS | Expenditures



Capital Projects Fund

- **Based on Five-Year Facilities Master Plan presented to the Board in December 2022**
 - 2023 summer projects \$5,660,500
 - 5-Year total of about \$34.3M for building projects (paving, flooring, projects, roofs, HVAC, galvanized piping, etc.)

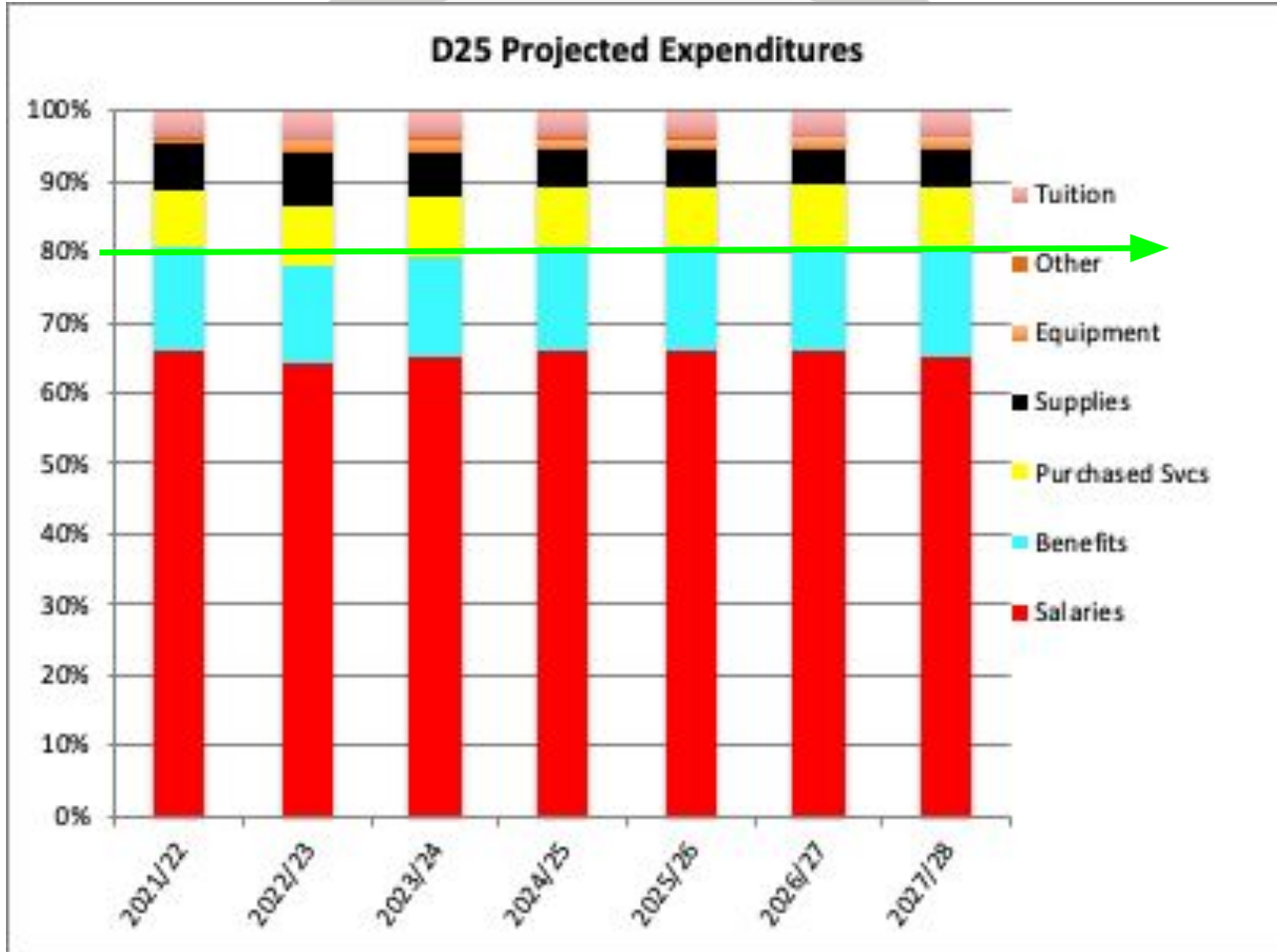
Life Safety Fund

- **\$0.2 million over the next 5 years of life safety work**
 - Based on life safety maintenance work
 - 10-year life safety survey required in 2025

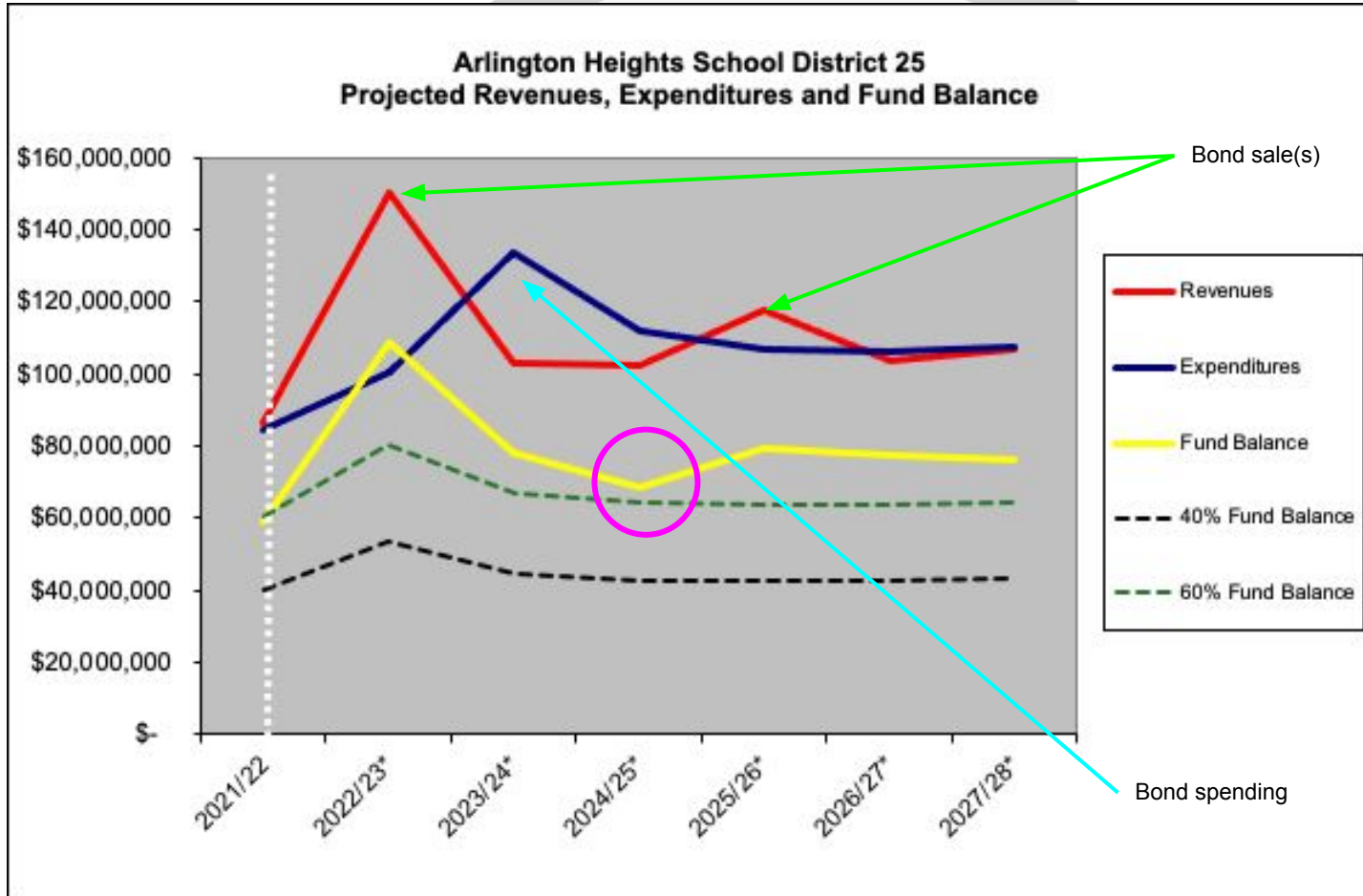
Financial Projection: All Funds

	Actual 2021/22	Budget 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28
Revenues							
Property Taxes	\$ 70,243,894	\$ 72,748,967	\$ 83,945,562	\$ 85,364,088	\$ 86,974,725	\$ 87,611,206	\$ 90,581,251
CPPRT	\$ 2,872,621	\$ 3,088,358	\$ 3,088,358	\$ 3,088,358	\$ 3,088,358	\$ 3,088,358	\$ 3,088,358
Interest	\$ 192,306	\$ 885,000	\$ 4,341,000	\$ 2,346,300	\$ 1,374,400	\$ 1,594,400	\$ 1,547,100
Food Service	\$ 241,615	\$ 1,345,900	\$ 1,345,900	\$ 1,345,900	\$ 1,345,900	\$ 1,345,900	\$ 1,345,900
Rentals	\$ 1,005,024	\$ 1,031,600	\$ 1,047,074	\$ 1,062,780	\$ 1,078,722	\$ 1,094,903	\$ 1,111,326
Other Local (tuition, fees, etc.)	826,640	1,751,488	856,980	856,980	856,980	856,980	856,980
Bonds	-	60,002,245	-	-	15,000,000	-	-
State	5,917,886	6,350,339	6,105,950	6,105,950	6,105,950	6,105,950	6,105,950
Federal	5,320,292	3,110,518	2,445,129	2,237,588	2,083,929	2,083,929	2,083,929
Total Revenues	\$ 86,620,279	\$ 150,314,415	\$ 103,175,953	\$ 102,407,944	\$ 117,908,963	\$ 103,781,625	\$ 106,720,794
Expenditures							
Salaries	51,237,560	53,915,669	55,626,387	58,110,598	59,367,665	60,563,222	61,785,875
Employee Benefits	11,066,044	11,518,426	11,850,402	12,574,344	13,099,862	13,761,441	14,506,288
Purchased Svcs	6,181,446	6,962,120	7,254,577	7,490,145	7,737,371	7,997,064	8,270,097
Supplies	5,335,500	6,426,781	5,435,887	4,664,142	4,684,304	4,704,769	4,995,540
Capital Outlay	494,944	1,379,460	1,379,460	1,379,460	1,379,460	1,379,460	1,379,460
Other	138,024	277,703	276,703	261,703	274,703	259,703	379,703
Tuition	2,921,108	3,316,207	3,316,207	3,316,207	3,316,207	3,316,207	3,316,207
Debt	4,407,389	7,300,212	8,765,065	9,371,983	9,352,952	8,359,277	8,348,702
Sub-Total Expenditures	\$ 81,782,015	\$ 91,096,578	\$ 93,904,688	\$ 97,168,581	\$ 99,212,524	\$ 100,341,143	\$ 102,981,873
Sub-Total Surplus/(Deficit)	\$ 4,838,264	\$ 59,217,837	\$ 9,271,265	\$ 5,239,363	\$ 18,696,439	\$ 3,440,482	\$ 3,738,920
Ending Fund Balance (excludes capital projects)	61,510,371	120,728,208	129,999,473	135,238,836	153,935,275	157,375,757	161,114,678
Capital Projects/Life Safety	2,763,245	9,449,112	39,596,611	14,727,162	7,695,668	5,810,392	4,851,673
Ending Fund Balance	58,747,126	108,515,851	78,190,506	68,702,707	79,703,478	77,333,569	76,220,817
% of next yr's budget	58.4%	81.3%	69.9%	64.3%	75.1%	71.7%	68.3%

D25 Projected Expenditures



D25 Projected Revenues, Expenditures, and Fund Balance



FUNDING FOR CAPITAL PROJECTS



- **5-Year Facilities Plan (summer 2023-2027) totaling \$34M**
 - Referendum Bonds intended to cover capital projects 5-year plan from summer 2022 through summer 2026
- **Projected Capital Projects Spend Model = \$6.57M annually**
 - 2022/23 transfer \$4.9M from O&M Fund to capital project fund to fund capital projects beyond summer 2026
 - 2023/24 transfer \$3.5M
 - 2024/25 and beyond transfer \$3M
 - Annual transfer of working cash fund interest to capital projects fund beginning 2023/24
- **Debt Service Extension Base (DSEB)**
 - Available to sell bonds to finance capital projects
 - Currently levying \$0.20 for DSEB debt service thru 2032
 - Refinance existing bonds in 2025?

FUND BALANCE GOAL = 60%



- Taxes collected in March/April and fall (Sept-Dec)
- Fund Balance as of 6/30 must provide cash flow for expenditures until 2nd installment of property taxes is receive.

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%
January	Jul - Dec	6	50%

TAKEAWAYS



- ☹️ Largest revenue source predicted to grow at 10-year CPI average of 2.28% each year
- ☹️ 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
- 😊 2 years of 5% CPI
- 😊 Higher investment earnings
- 😊 Stable State funding
- 😊 Pension reform - anticipated
- 😊 Contingency funds use
- 😊 Tax refunds - can recapture on an annual basis
- 😊 Fund Balance & Time

OPTIONS FOR FUTURE CONSIDERATION



1. Complete bid process for FDK building additions to determine total project cost
2. Late fall 2023 - determine 2023 levy
 - a. Abate debt service levy - decision could be annual , impact is not cumulative
 - b. Abate portion of 2023 levy - impact is cumulative
 - c. Abate recapture amount for 2023 - impact is not cumulative
3. Late fall 2025- determine if any/all of \$15M remaining bond sale is needed

THANK YOU