

Arlington Heights School District 25 Five Year Financial Projections

January 20, 2022

Presented By

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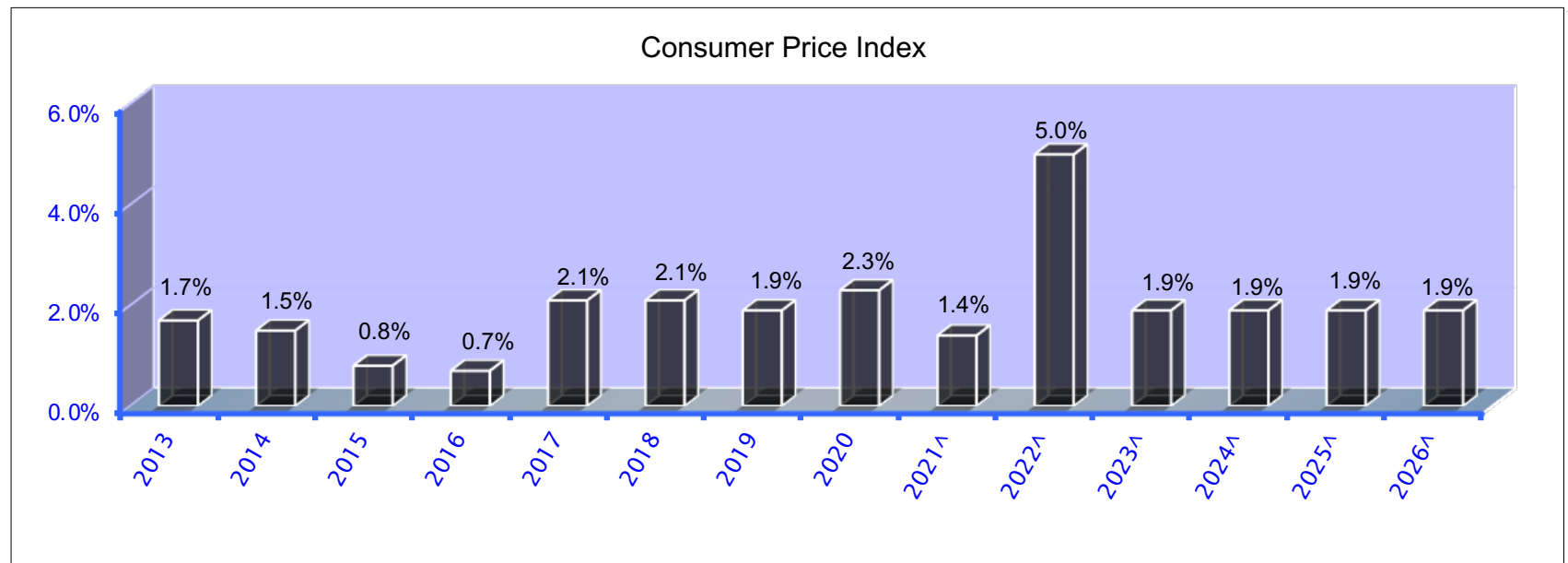
Asst Superintendent For Business/CSBO

Assumptions

Revenues

- Property Taxes

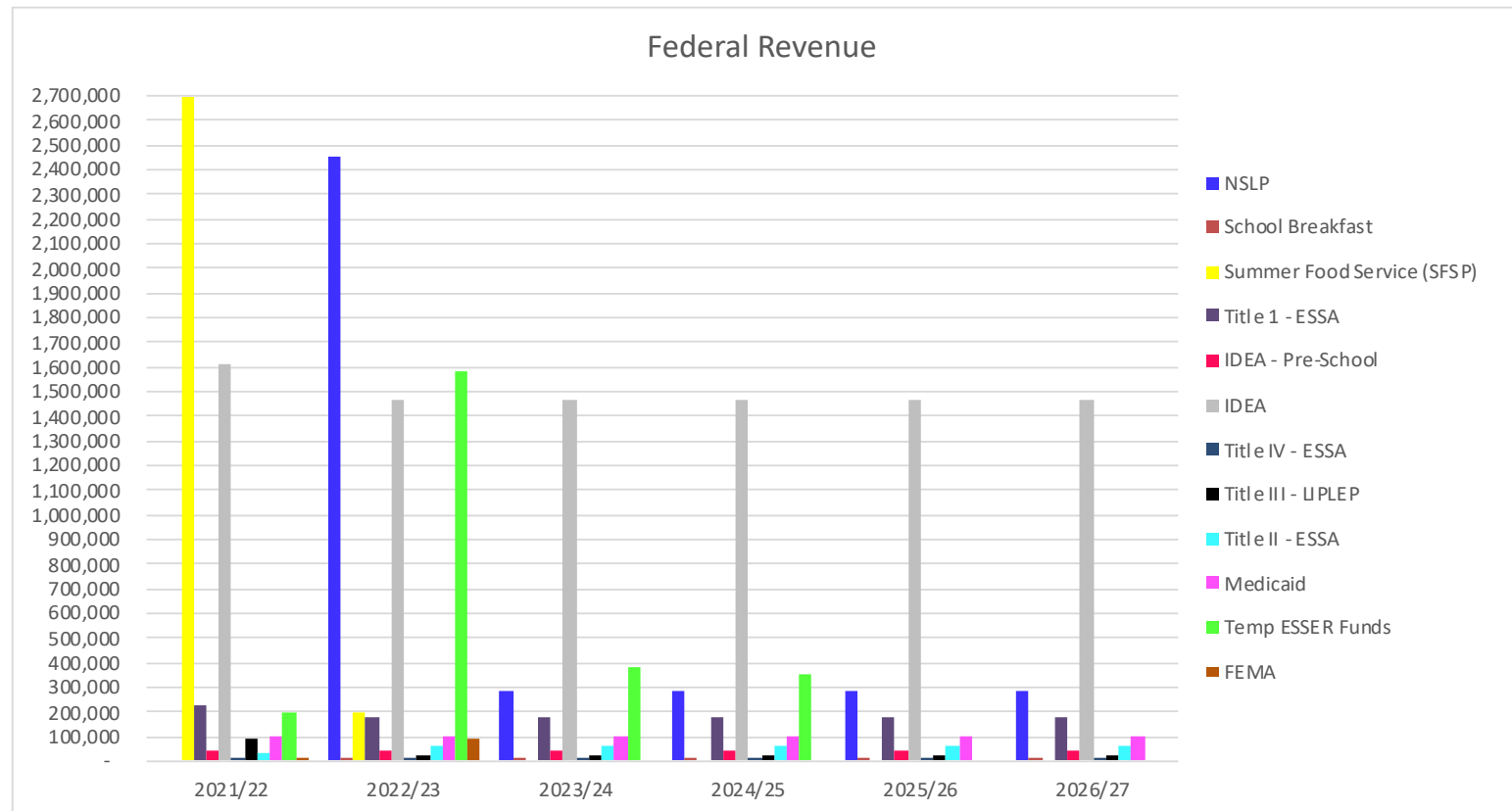
- < 1% new growth annually
- Refund recapture on 2021 levy anticipated in fall 2022
 - Annual decision so not projected for future years



Assumptions

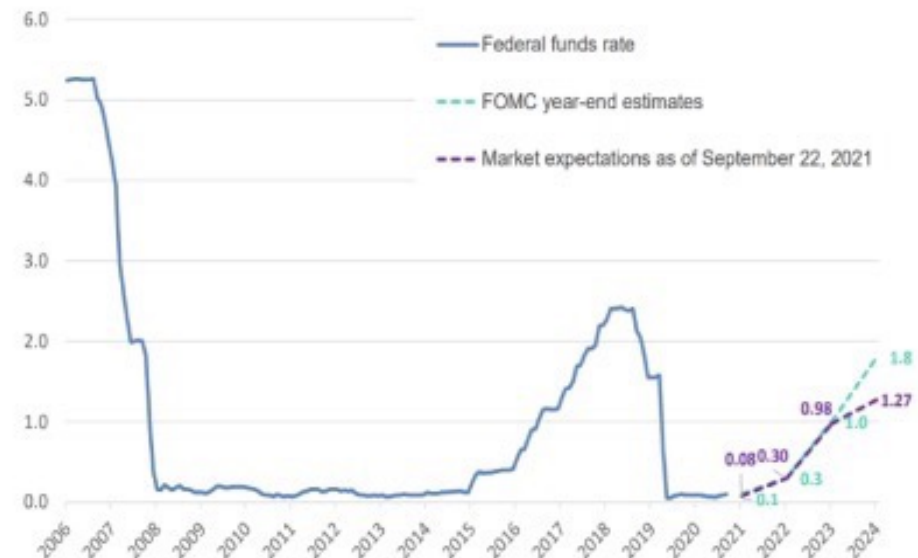
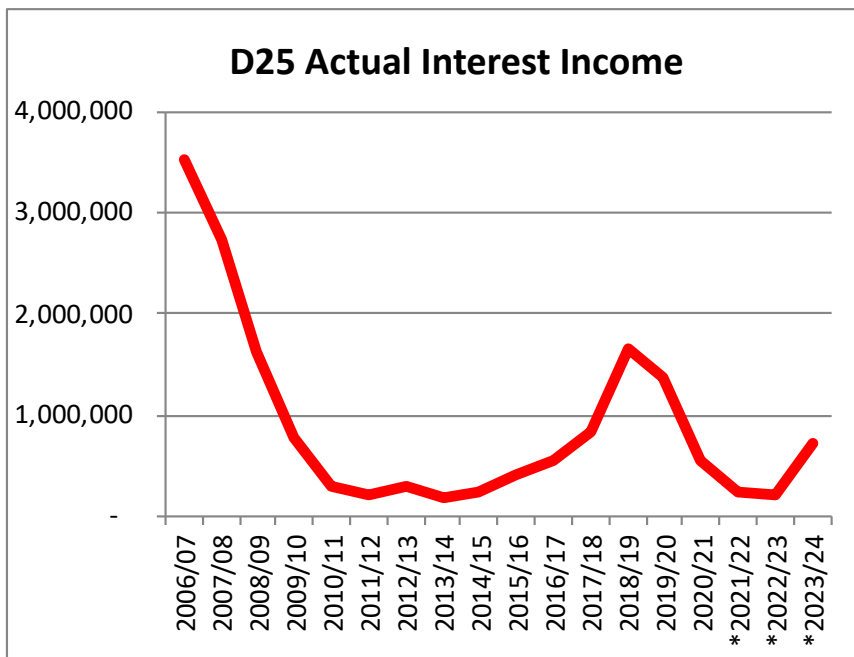
Revenues

- State
 - Evidence Based Funding
 - Transportation reimbursement
- Federal
 - IDEA, Title Grants
 - Temporary Funds due to pandemic (ESSER, NSLBP/SFSF, IDEA)



Assumptions

- No significant change in local revenue
 - Corporate Personal Property Replacement Tax (\$1.5M)
 - Determined by State
 - Rental agreements for Rand & Miner (\$1M)
 - Student Fees
- Interest income projections (as a % of prior year fund balance)
 - 2022/23 - 1.0%
 - 2023/24 and after – 1.5%



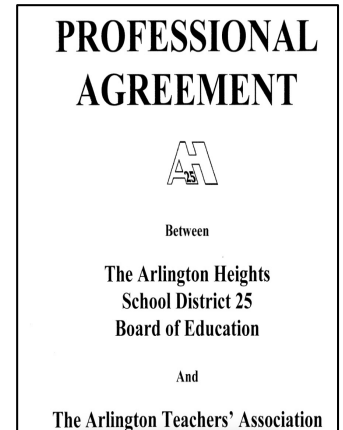
D25 Projected Revenues



Assumptions - Expenditures

Education Fund

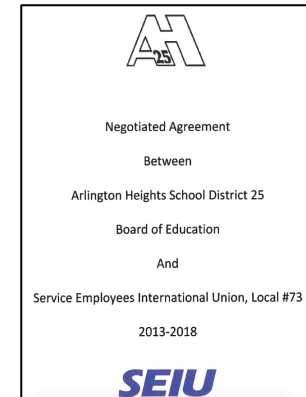
- Salaries
 - Current staff levels and negotiated agreement
 - Tied to CPI
 - 3 retirements annually
- Benefits
 - Health insurance costs increase 6% annually
 - Tier I and II TRS pension costs of 0.58% times projected salaries
 - THIS costs of 0.67% time projected salaries
 - State pension cost shift – an additional 0.5% of total TRS salaries per year (i.e. 0.5%, 1.0%, 1.5%, etc) beginning in 2023/24
- 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 = \$350,000
 - K – 2 iPad replacements in 2023/24 = \$765,000
- Misc – Reduction in expenditures paid through temporary federal funds
- 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**
 - Use full working cash fund balance of \$7.7M to fund capital projects





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 10.63% in 2021 to 5.41% in 2026

Assumptions - Expenditures

Capital Projects Fund

- Based on Five-Year Facilities Master Plan presented to the Board in October 2021
 - 2022 summer projects \$4,448,500
- 5-Year total of about \$32.7million (plus life safety amount) for building projects (paving, flooring, projects, roofs, HVAC, galvanized piping, etc.)

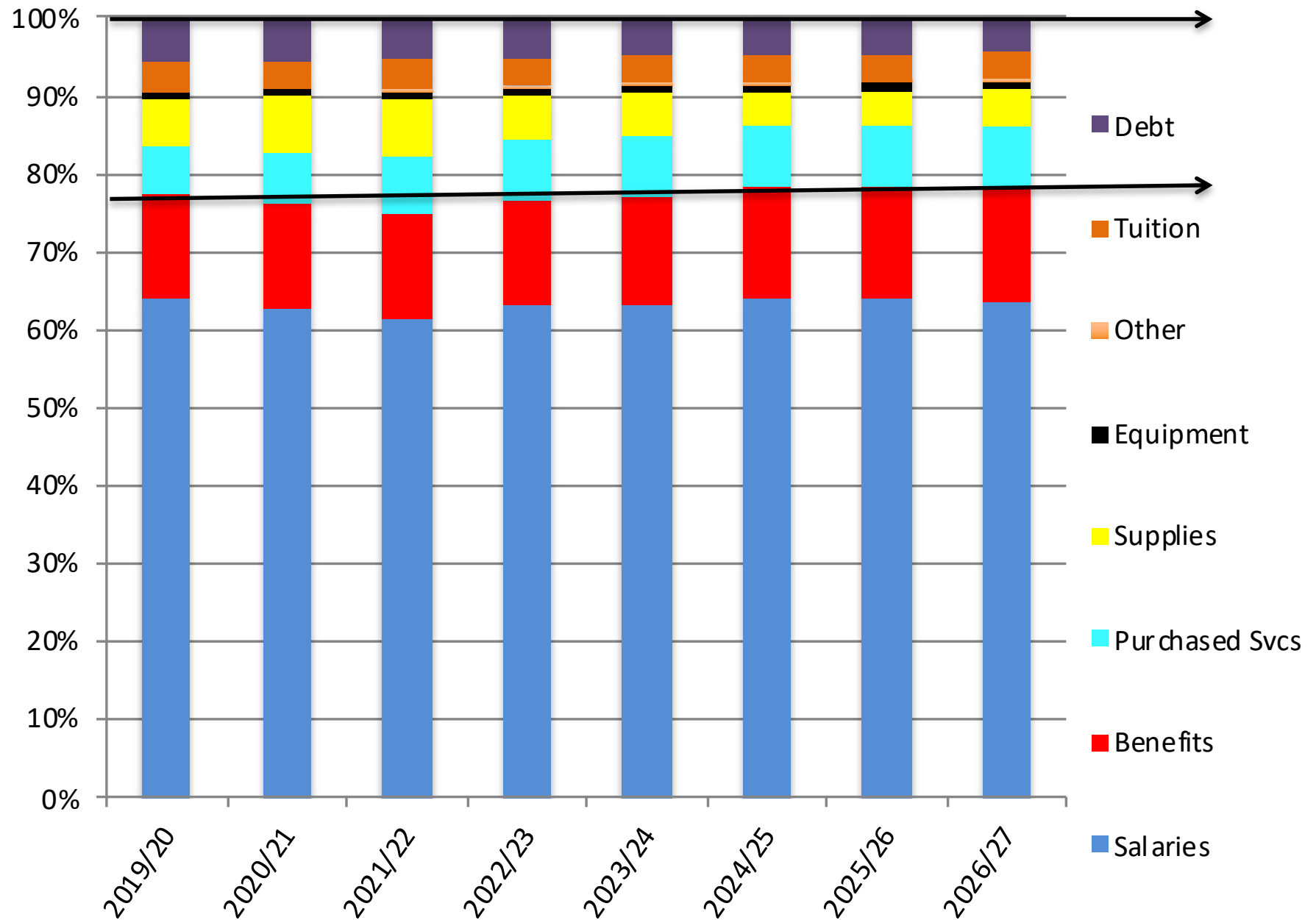
Life Safety Fund

- \$0.2 million over next 5 years for life safety work
 - Based on life safety maintenance work

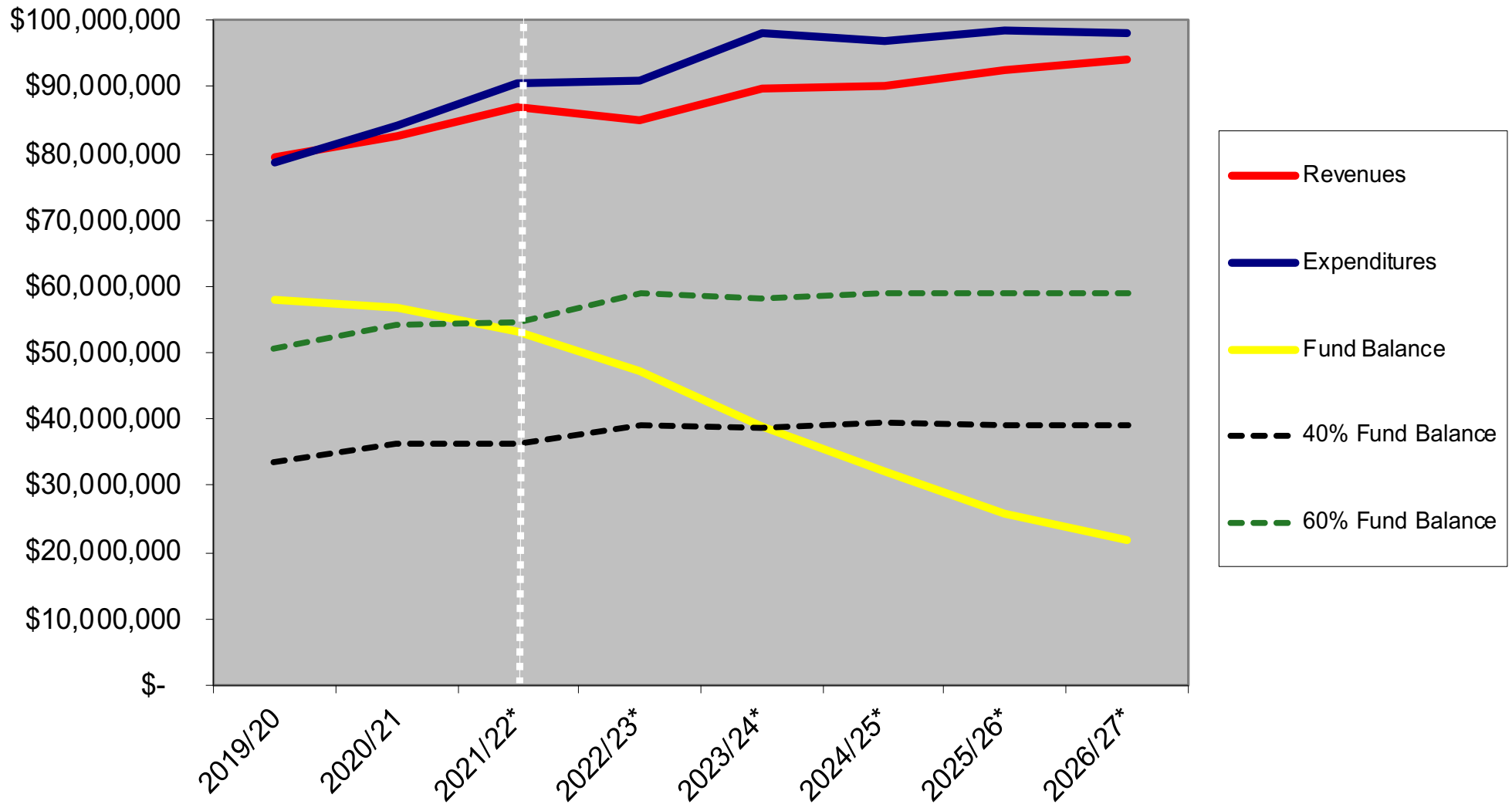
Financial Summary: All Funds

| | Budget 2021/22 | Projected 2022/23 | Projected 2023/24 | Projected 2024/25 | Projected 2025/26 | Projected 2026/27 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Revenues | | | | | | |
| Property Taxes | \$ 71,352,459 | \$ 72,253,876 | \$ 76,503,617 | \$ 77,338,706 | \$ 79,597,771 | \$ 81,465,978 |
| CPPRT | \$ 1,506,241 | \$ 1,506,241 | \$ 1,506,241 | \$ 1,506,241 | \$ 1,506,241 | \$ 1,506,241 |
| Interest | \$ 226,000 | \$ 212,800 | \$ 707,500 | \$ 775,700 | \$ 639,900 | \$ 515,500 |
| Food Service | \$ 277,000 | \$ 934,000 | \$ 934,000 | \$ 934,000 | \$ 934,000 | \$ 934,000 |
| Rentals | \$ 929,300 | \$ 943,240 | \$ 957,388 | \$ 971,749 | \$ 986,325 | \$ 1,001,120 |
| Other Local (tuition, fees, etc.) | 750,481 | 735,020 | 785,020 | 785,020 | 785,020 | 785,020 |
| Bonds | - | - | - | - | - | - |
| State | 5,612,897 | 5,779,202 | 5,779,202 | 5,779,202 | 5,779,202 | 5,779,202 |
| Federal | 6,351,461 | 2,565,828 | 2,540,717 | 2,185,227 | 2,185,227 | 2,185,227 |
| Total Revenues | \$ 87,005,839 | \$ 84,930,207 | \$ 89,713,685 | \$ 90,275,845 | \$ 92,413,686 | \$ 94,172,288 |
| Expenditures | | | | | | |
| Salaries | 53,360,645 | 54,666,505 | 55,928,655 | 57,223,341 | 58,551,402 | 59,913,700 |
| Employee Benefits | 11,424,101 | 11,675,541 | 12,158,414 | 12,642,216 | 13,169,304 | 13,882,226 |
| Purchased Svcs | 6,546,799 | 6,705,662 | 6,842,171 | 6,981,635 | 7,124,122 | 7,269,700 |
| Supplies | 6,227,353 | 4,653,117 | 5,008,755 | 3,899,937 | 3,912,505 | 4,690,198 |
| Capital Outlay | 958,437 | 958,437 | 958,437 | 958,437 | 958,437 | 958,437 |
| Other | 230,425 | 225,425 | 240,425 | 210,425 | 210,425 | 210,425 |
| Tuition | 3,440,557 | 3,131,000 | 3,131,000 | 3,131,000 | 3,131,000 | 3,131,000 |
| Debt | 4,407,389 | 4,422,614 | 4,274,214 | 4,288,258 | 4,272,227 | 4,272,227 |
| Sub-Total Expenditures | \$ 86,595,706 | \$ 86,438,300 | \$ 88,542,071 | \$ 89,335,249 | \$ 91,329,422 | \$ 94,327,913 |
| Sub-Total Surplus/(Deficit) | \$ 410.133 | \$ (1,508.093) | \$ 1,171.613 | \$ 940.596 | \$ 1,084.264 | \$ (155.625) |
| Ending Fund Balance (excludes capital projects) | <u>57,088,273</u> | <u>55,580,180</u> | <u>56,751,793</u> | <u>57,692,390</u> | <u>58,776,654</u> | <u>58,621,029</u> |
| % of next yr's budget (excludes capital projects) | 66.0% | 62.8% | 63.5% | 63.2% | 62.3% | 61.1% |
| Capital Projects | <u>4,001,933</u> | <u>4,448,500</u> | <u>9,533,000</u> | <u>7,738,500</u> | <u>7,302,500</u> | <u>3,864,000</u> |
| Ending Fund Balance | <u>53,086,340</u> | <u>47,129,747</u> | <u>38,768,360</u> | <u>31,970,457</u> | <u>25,752,221</u> | <u>21,732,596</u> |
| % of next yr's budget | 58.4% | 48.1% | 39.9% | 32.4% | 26.2% | 22.0% |

D25 Projected Expenditures (excludes capital projects)



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

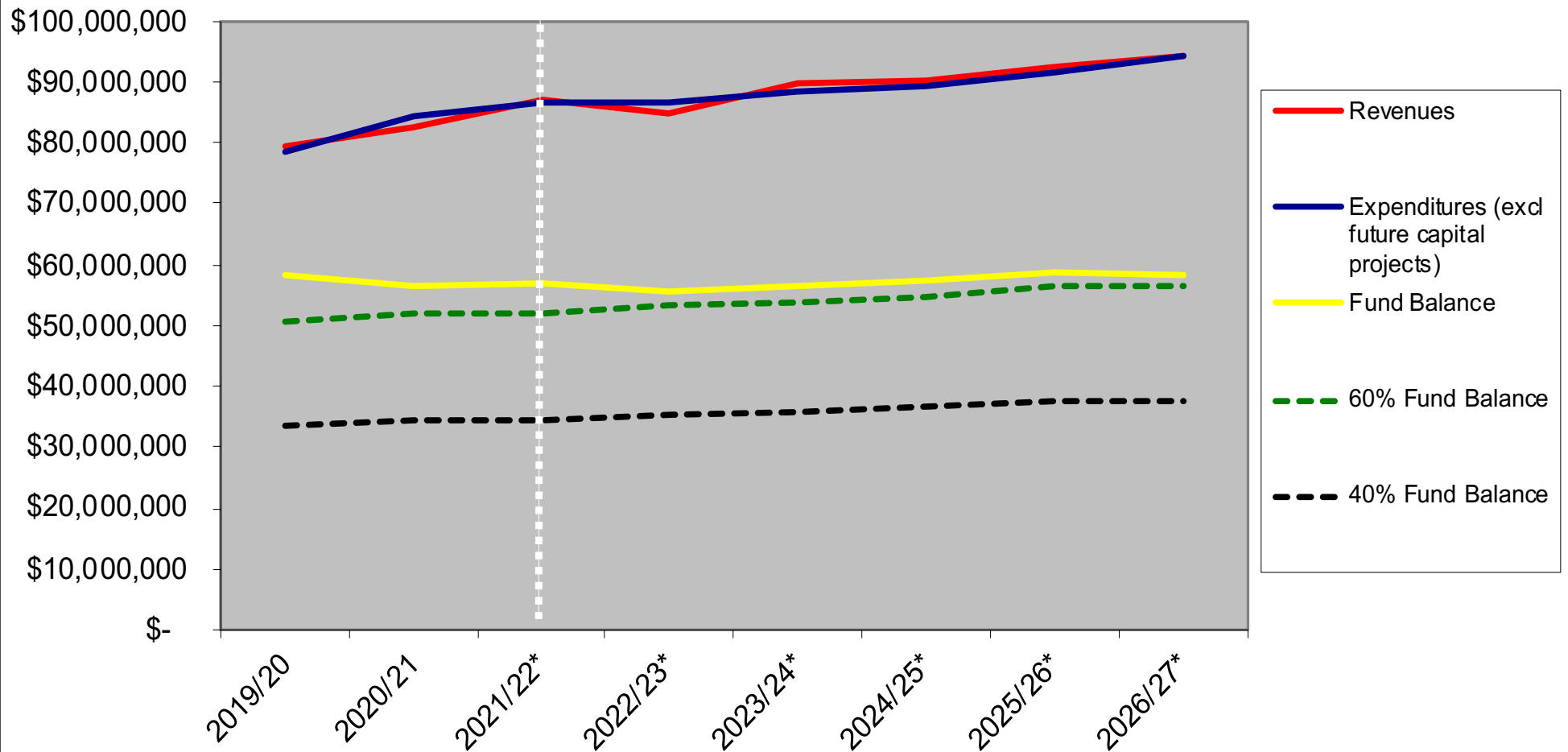




Funding for Capital Projects

- 5 Year Facilities Plan totaling \$32.9 million
- Debt Service Extension Base (DSEB)
 - Available to sell bonds to finance capital projects
 - Currently levying \$0.20 for debt service thru 2032
 - Extend through 2037 (maxed out)
 - Add \$0.05 to current debt rate to cover interest on new bonds = \$55/yr on \$400K home
 - Refinance existing bonds in 2025?
- Referendum

Arlington Heights School District 25 **Projected Revenues, Expenditures and Fund Balance** **(excluding future capital projects costs)**



Current Fund Balance Goal = 60%

- Taxes collected in March/April and September/October (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
- ☹️ 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
- ☹️ Need another funding source for capital projects

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?