



2019-20 Final Budget

September 19, 2019

Community Consolidated School District 21

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Community Consolidated School District 21
Fiscal Year 2019-20 Final Budget
The Foundation of the Budget- Our Educational Program

The school budget is a financial plan for providing an instructional program required to meet the needs of all Community Consolidated School District 21 students. As with all budgets, the needs and costs have been carefully considered to meet these requirements.

The budget represents thousands of items necessary for the maintenance of a quality educational program for early childhood through eighth grade students. The budget process serves as a method to evaluate and develop a sound curriculum, as well as adhere to a program for the maintenance and repair of our facilities. A goal of the fiscal year 2019-20 budget is to maintain current existing programs and services at a high level, while incorporating technology, delivering increasing special education services and addressing the requirements of Federal and State law.

The 2019-20 budget is the reflection of careful and prudent deliberation by the Board of Education and school staff. Of all the many responsibilities of the Board of Education, careful preparation of a spending plan is certainly one of the most important. Every effort has been made to maintain fiscal responsibility while providing a comprehensive educational opportunity for each and every student. The budget contained herein is a careful, comprehensive financial plan for meeting the obligation of our schools.

Description

Once adopted, the annual school district budget represents the plan for delivery of instruction, operational services and to accomplish the financial goals of the school board. The annual adopted budget includes all funds, that when taken as a whole, sets the plan for accomplishing the financial goals of the Board.

The Budget is designed to:

- Meet requirements imposed by Illinois law and applicable rules
- Provide expending and taxing authority
- Satisfy a minimum level of financial information

Illinois School Code (105 ILCS 5/17-1) annually requires the Board of Education to create and authorize a financial budget for the district. The Board is required by statute to place the budget in tentative form on public display for 30 days, hold a Public Hearing, give notice to the public of the Public Hearing and formally adopt the budget by September 30, 2019. The publication of the Tentative Budget took place on June 21, 2019 and was made available to the public for more than the required thirty days prior to the date of the public hearing. The Public Hearing will be held on September 19, 2019 as part of the regular meeting of the Board of education. The District has developed and approved policy 4:10 Fiscal & Business Management which outlines the process to develop the annual budget. The steps taken to develop and approve the 2019-20 annual budget align with the specifications of Board policy.

Structure of the Budget

The school district's accounting records, budgets and financial reports are organized and reported on a fund basis. A fund is established for specific activities and objectives and is operated in accordance with laws, regulations, restrictions or other designated purposes. Each fund is a separate and independent accounting entity with its own assets, liabilities and fund balance. The District operates and budgets on an accrual basis of accounting.

Fund	Description
Education	Expenditures that must be charged to this fund include the direct costs of instruction, health and attendance services, lunch programs, and costs of administration. Certain revenues that must be credited to this fund include educational tax levies, tuition, and textbook rentals. It is the most varied fund, has the largest volume of transactions, and also serves as the general fund.
Operations & Maintenance	All costs of maintaining, improving, or repairing school buildings and property, and renting buildings and property for school purposes.
Debt Service	Bonds are generally issued to finance the construction of buildings, but may also be issued for other purposes. Taxes are levied to provide cash to retire these bonds and to pay related interest. To protect the bondholders, these tax collections must be accounted for in the Debt Service Fund and maintained in separate bond and interest accounts for each bond issue.
Transportation	Costs of transportation, including the purchase of vehicles and insurance on buses, are to be paid from this fund. Moneys received for transportation purposes from any source must be deposited into this fund.
IMRF/FICA Medicare	This fund is created if a tax is levied for the school district's share of retirement benefits for covered employees and for the purpose of providing resources for the district's share of Social Security and/or Medicare only payments for covered employees.
Capital Project	All proceeds of each construction bond issue (other than Health Life/Safety) shall be placed in the Capital Projects Fund to separately identify these special funds from operating funds. Such moneys are to be spent for the purpose specified in the bond indenture.
Working Cash	Cash available in this fund may be loaned to any fund for which taxes are levied.
Tort	This fund is created if taxes are levied or bonds are sold for tort immunity or tort judgment purposes.
Health/Life Safety	When a tax is levied or bonds issued for fire prevention, safety, energy conservation, disabled accessibility, school security and specified purposes, such proceeds shall be deposited and accounted for separately within the Health Life/Safety Fund

Budget Assumptions

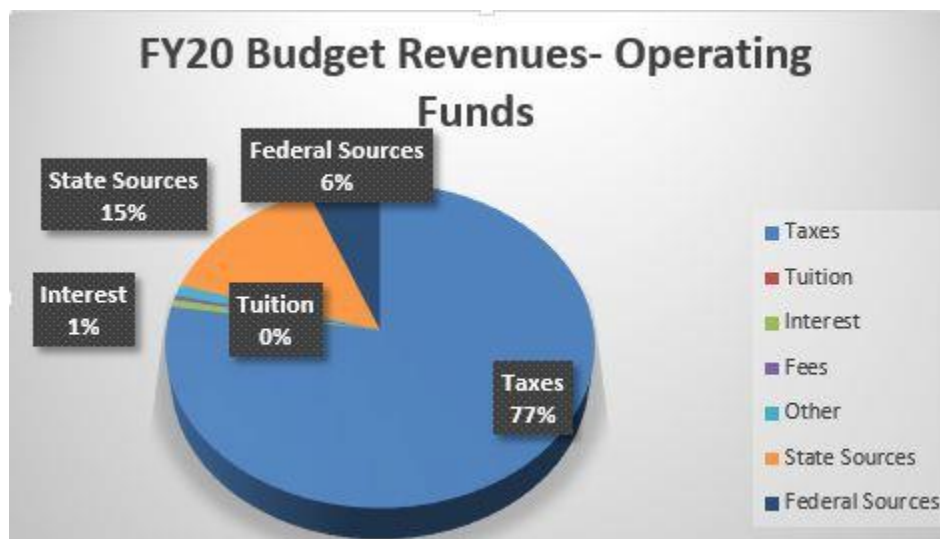
The following summary is intended to provide information about the 2019-20 Annual Budget and the assumptions on which it is based. In developing the budget, considerations are made in the following areas:

- Enrollment and staffing
- Curricular goals and programs needs
- Facility needs
- Technology plan
- Tax levy
- State & Federal funding

Budget Objectives

- Expenditure decisions will reflect the educational programming goals of the District.
- The District will maintain a balanced budget as specified in School Code (105 ILCS 5/17-1) and Board Policy 4:10 Fiscal & Business Management.
- The budget will maintain appropriate fund balance as specified in Board policy 4:20 Fund Balance.
- The budget includes the terms of the current DEA collective bargaining agreement and other administrative contracts for salaries and benefits.

Revenue



The primary revenue assumptions include the following:

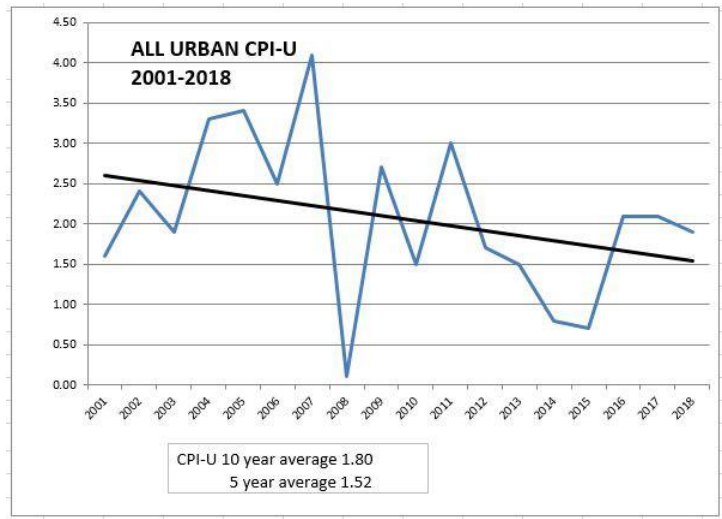
Local Revenue:

- While the State legislature, at times, has considered a property tax freeze or modification of the levy formula, this Final Budget has been constructed without any change to the property tax formula for the 2019 levy.
- The 2019 property tax levy will be estimated and prepared and approved as specified by the Property Tax Extension Limitation Law (PTELL). The property tax levy request will be based on anticipated need and therefore, the District will levy what is required to fund the delivery of instructional programming. Formal approval of the 2019 levy will take place in December of this year. Property tax receipts represent nearly 80% of the District’s annual revenue and are the District’s primary source of funds.
- The Village of Wheeling Crossroads Tax Increment Financing (TIF) district is due to expire on December 31, 2019. The 2019 property tax levy will include the value of the new property associated with the expiring TIF and will be collected in fiscal year 2021.
- The District can expect to receive the final surplus distribution for the expiring Crossroads TIF estimated to be \$0.8 million in January 2020.
- After approval of the Tentative Budget, the District was notified in August that the Village of Wheeling has approved the voluntary distribution of surplus TIF funds from the Lake Cook/Milwaukee and South Milwaukee TIF Districts in the approximate amount of \$799,000.
- The 2019 estimated levy for debt service is based on the current debt schedule and does not reflect the new bond issues from February 2019.

Property Tax Levy Year	CPI	New Property	Collection Rate
2014 Actual Levy Extension	1.5%	\$7.1MM	97.8%
2015 Actual Levy Extension	0.8%	\$3.0MM	98.9%
2016 Actual Levy Extension	0.7%	\$11.9MM	99.2%
2017 Actual Levy Extension	2.1%	\$2.8MM	99.0%
2018 Estimated Levy Extension	2.1%	\$7.5MM	99.0%
2019 Estimated Levy Extension	1.9%	\$31.1MM	99.0%

Consumer Price Index- All Urban

Calendar Year as of December	CPI-U		Levy Year	Budget Year
2001	1.60		2002	2004
2002	2.40	10 year Average	2003	2005
2003	1.90		2004	2006
2004	3.30	1.80	2005	2007
2005	3.40		2006	2008
2006	2.50		2007	2009
2007	4.10		2008	2010
2008	0.10		2009	2011
2009	2.70		2010	2012
2010	1.50		2011	2013
2011	3.00		2012	2014
2012	1.70		2013	2015
2013	1.50		2014	2016
2014	0.80		2015	2017
2015	0.70		2016	2018
2016	2.10		2017	2019
2017	2.10		2018	2020
2018	1.90		2019	2021
2019	1.80	Projection	2020	2022
2020	1.80		2021	2023
2021	1.80		2022	2024
2022	1.80		2023	2025
2023	1.80		2024	2026



- Board approved Student fees are reflected in the budget. In March 2019, the Board approved student fees for 2019-20 including increases in fees for promotion materials, milk, extra lunch, juice and water. All other fees, including summer school tuition, remain equal to prior year.
- Corporate Personal Replacement Tax (CPPRT) is approximately \$1.18 million based on the estimate provided by the Illinois Department of Revenue (IDOR), this is an increase of approximately \$290,000 from the tentative budget.

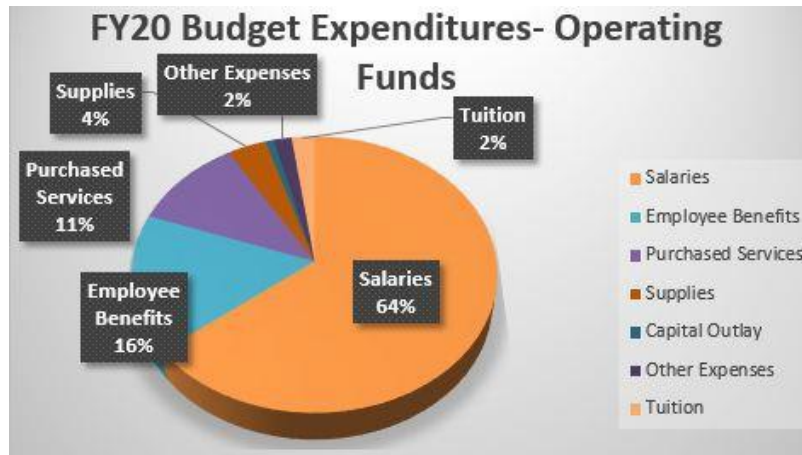
State Revenue:

- In August 2017, the State legislature authorized the new evidence-based funding formula. The evidenced-based funding formula replaced General State Aid (GSA), special education and bilingual funding formulas. The tentative budget included an estimate of the 2020 base funding minimum of \$12.7 million, but in August the Illinois State Board of Education announced that the District would receive \$13,082,929 – this is an increase of more than \$200,000 from the previous fiscal year. Private tuition and the transportation reimbursements are not included in the new formula and are budgeted separately.

Federal Revenue:

- Federal funding is assumed to be equal to FY19 levels. Although the District has included payments for outstanding obligations from FY19 grants that are subject to the August 31, 2019 grant expenditure reports.

Expenditures



Expenditure Assumptions by Fund

Education, Operations & Maintenance, Transportation Funds

- The most significant cost for the Board is the expense of salaries and employee benefits for required staffing needs. The 2019-20 Budget is based on the staffing allocation approved by the Board on March 21, 2019.

Staffing- FTE's	Actual Budget 18-19	Tentative Budget 19-20	Final Budget 19-20
Licensed	529.46	537.17	543.84
Non-Licensed	159.0	168.0	161.50
Custodial/Maintenance	57.0	57.0	57.00
Administrators	37.25	37.5	39.00
Total	782.71	799.67	801.34

- Assumptions for Salaries and Benefit costs reflect the terms of existing negotiated agreements and contracts. The current collective bargaining agreement with the District Education Association (DEA) is effective August 1, 2018 through July 21, 2022. The terms

of this agreement are reflected in the budget. Salaries for exempt and administrative staff reflect increases approved by the Board on May 16 and June 20, 2019.

- Benefit costs include employer contributions for payroll taxes, employee retirement, employee health, dental, life and disability insurances. The budget reflects the current contribution rates for the TRS and IMRF. The budget further reflects the benefit plan structure for employee health insurance effective January 1, 2019 and reflects employee elections for the current benefit plan year.
- In most cases, expenditure levels for all other purchased services, supplies and equipment are equal to the levels specified in the current 2019-20 budget and do not include any increase, unless otherwise approved by the Board. The Operations & Maintenance fund budget includes an assumption for the increase cost of electricity for air conditioning of the school buildings.

Debt Service Fund

The Annual Budget, as presented, includes expenditures for debt service based on the current debt schedule for principal and interest payments and includes principal and interest payments. The most recent bond issues from February 2019 are incorporated in the current debt schedule. It also includes principal and interest cost for capitalized leases for technology.

Transportation Fund

Expenditures for student transportation budgeted in the transportation fund reflects a 2.5% increase over last year's rates per the contract with First Student transportation services. The budget further reflects the new contract with Safeway Transportation for transportation services for special education students.

IMRF/FICA/Medicare Fund

The Budget is established based on the anticipated required employer contributions for IMRF, Social Security and Medicare contributions.

Capital Projects Fund

Summer facility projects that do not qualify as life safety are budgeted in the Capital Projects fund as summer projects. Funding for Capital projects is provided by the proceeds of the recent bond issue and from transfers from the Operations & Maintenance fund. Projects budgeted to take place in the summer of 2019 include secure entrances and air conditioning at all District schools.

Tort Fund

The Tort fund is budgeted to cover the anticipated renewal rates for worker's compensation and property, casualty and liability insurance premiums.

Summary

The 2019-20 Final Budget includes the cost structures described. Major operating fund revenue totals \$113.3 million and expenditures total \$107.0 million. A transfer of \$1.250 million will be made from the Operations & Maintenance fund to the Capital projects fund in order to fund the district wide projects including the replacement of the gymnasium floor at Frost school and the possible replacement of the flooring at London school.

Before transfers, a surplus of \$6.3 million will be generated in the Operating funds. After the transfers to Capital Projects funds the surplus is approximately \$5.05 million, depending upon health insurance payments, and represents a balanced budget. The ending fund balance is projected to be approximately \$42.3 million and approximately 37% of expenditures. Once the current 2019 fiscal year is closed out the fund balance projection will be updated.

Given the assumptions for revenues and expenditures, total revenue for all funds is \$122.6 million and expenditures are \$146.0 million resulting in a drawdown of reserves of \$24.1 million due to the expense for planned summer construction of July/August 2019 and June 2020.

Community Consolidated School District 21

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