

Fiscal Year 2018 Budget Preview and 3-Year Forecast

Presented to the Geneseo CUSD #228 Board of Education
January 12, 2017

FY 17 Budget Operating Funds Summary

	FY 13	FY 14	FY 15	FY 16	FY 17
Operating Fund Surplus/(Deficit)	Actual	Actual	Actual	Actual	Budget
Education	-\$1,223,982	-\$1,426,774	-\$32,769	\$218,209	-\$828,492
Operations & Maintenance	\$155,626	-\$26,596	-\$233,703	\$133,616	-\$523,050
Transportation	\$165,683	\$167,129	-\$447,026	-\$198,758	-\$344,100
Working Cash	-\$1,218,134	\$105,011	-\$2,129,496	\$1,087,137	-\$918,000
Totals	-\$2,120,807	-\$1,181,230	-\$2,842,994	\$1,240,204	-\$2,613,642

Budget Forecast FY 18

Key Assumptions

- A -\$842,576 Education Fund deficit is projected FY 18. This includes a \$1,000,000 transfer to the Ed Fund from Working Cash.
- An overall -\$2.6 million deficit is projected for the FY 18 Budget in the District operating funds.
- \$15,000,000 in construction and remodel work costs (Fund 60).

Budget Forecast FY 18

Key Assumptions

- Historical averages are budgeted for expenditures in all operating funds.
- District enrollment based on historical cohort survival averages is projected to increase slightly, +1.14% from prior year.
- Hold GSA and other state categorical revenue at a 0% increase for Fiscal Year 18. The District has not received any State categorical payments as of December 21, 2016.

FY 17 to FY 18 Budget Comparisons

	FY 17 Budget	FY 18 Budget Projection
Surplus/(Deficit) All Funds		
Education	-\$788,362	-\$842,576
Operations & Maintenance	-\$523,050	-\$539,084
Debt Service	\$152,100	\$17,248
Transportation	-\$344,100	-\$355,977
IMFRF/SS	\$101,880	\$103,612
Capital Projects	-\$20,333,000	-\$3,133,516
Working Cash	-\$918,000	-\$933,606
Tort	-\$167,200	\$23,536
Health Life Safety	-\$4,914,000	-\$932,878
Totals	-\$28,594,455	-\$7,421,816

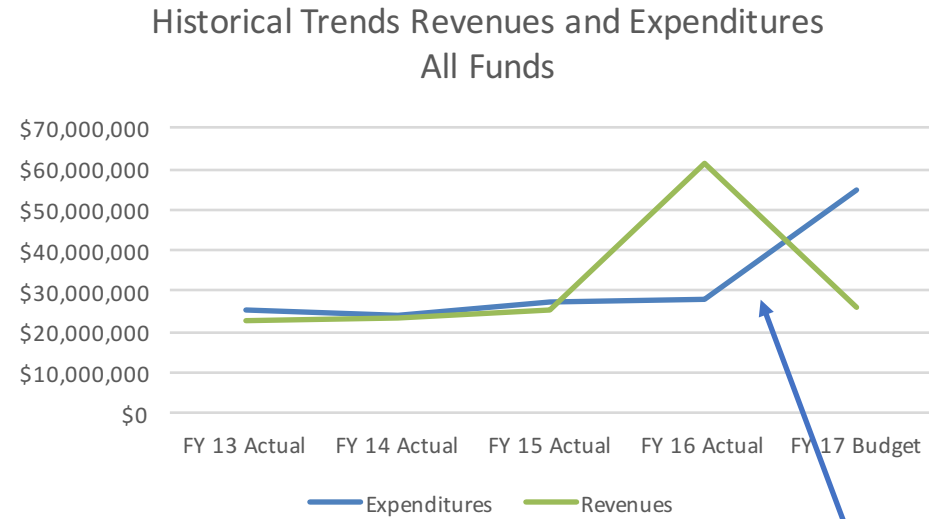
FY 17 to FY 18 Budget Comparisons

End of Fiscal Year Fund Balances	FY 17	FY 18
Fund	Budget	Budget Projection
Education	\$3,801,938	\$3,010,471
Operations & Maintenance	\$2,230,044	\$1,546,071
Debt Service	\$2,799,680	\$3,411,260
Transportation	\$1,195,280	\$1,026,294
IMRF	\$837,706	\$941,114
Capital Projects	\$7,311,534	\$2,215,034
Working Cash	\$1,883,819	\$1,053,819
Tort	\$455,383	\$298,963
Health Life Safety	\$2,954,506	\$1,747,379
Totals	\$23,469,890	\$15,250,405

FY 17 to FY 18 Budget Comparisons Operating Funds

End of Fiscal Year Fund Balances Operating Funds	FY 17 Budget	FY 18 Budget Projection
Education	\$3,801,938	\$3,010,471
Operations & Maintenance	\$2,230,044	\$1,546,071
Transportation	\$1,195,280	\$1,026,294
Working Cash	\$1,883,819	\$1,053,819
Totals	\$9,111,081	\$6,636,655

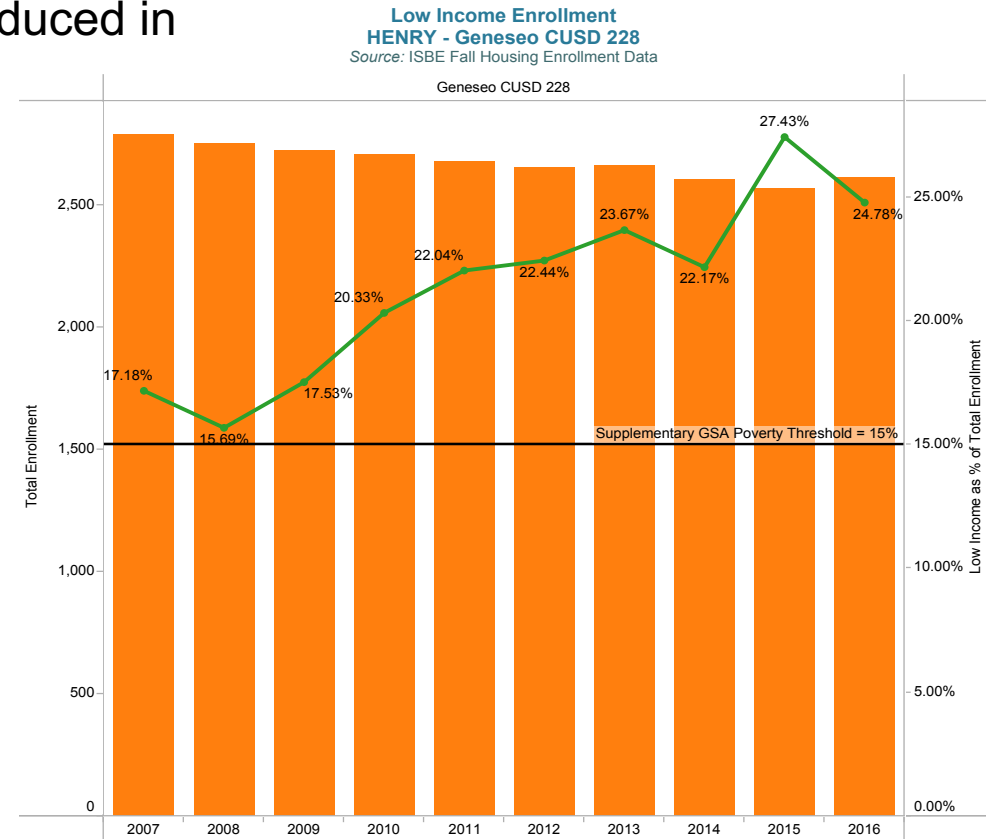
Historical Revenues & Expenditures All Funds



The sharp increase and decrease in revenues and expenditures are due to bond proceeds received in FY 16 and spent in FY 17.

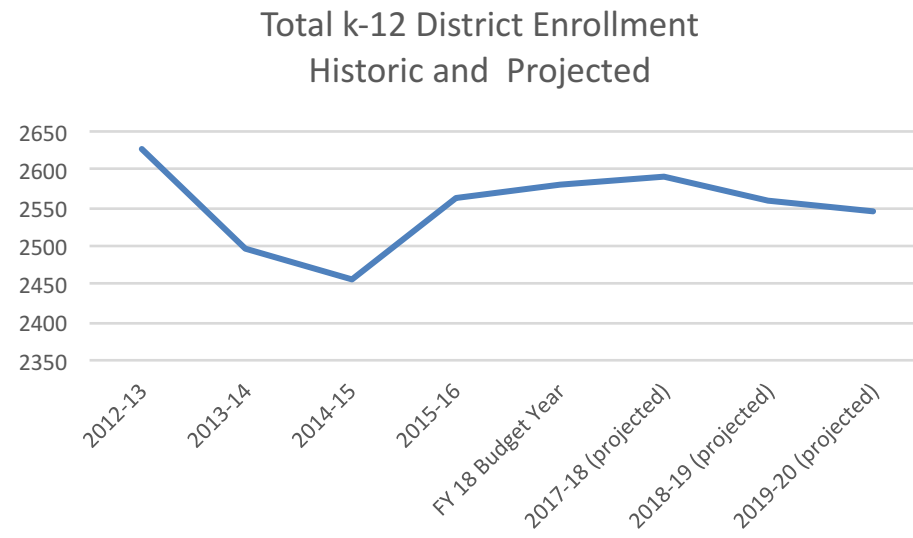
Significant Trends in District 228 Student Demographics

- In Illinois, roughly **50%** of all students are eligible for free and reduced.
- 2016-17 school year **25%** are free and reduced in District 228.



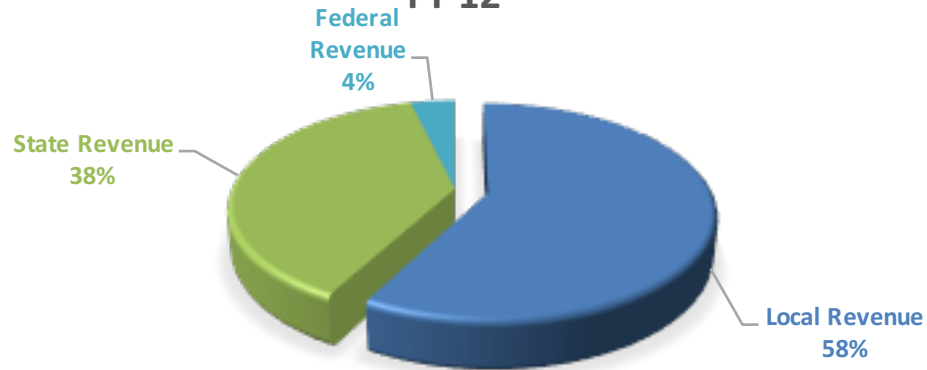
Significant Trends in District 228 Enrollment

- Student enrollment is a key driver for decisions involving staffing, facility usage, program offerings, and ultimately building a budget.
- General State Aid connected to average daily attendance.

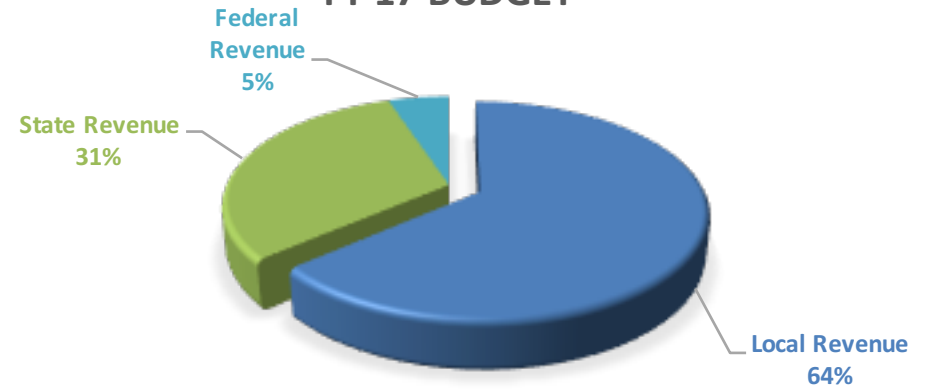


Revenue Trends

REVENUE SOURCES
FY 12

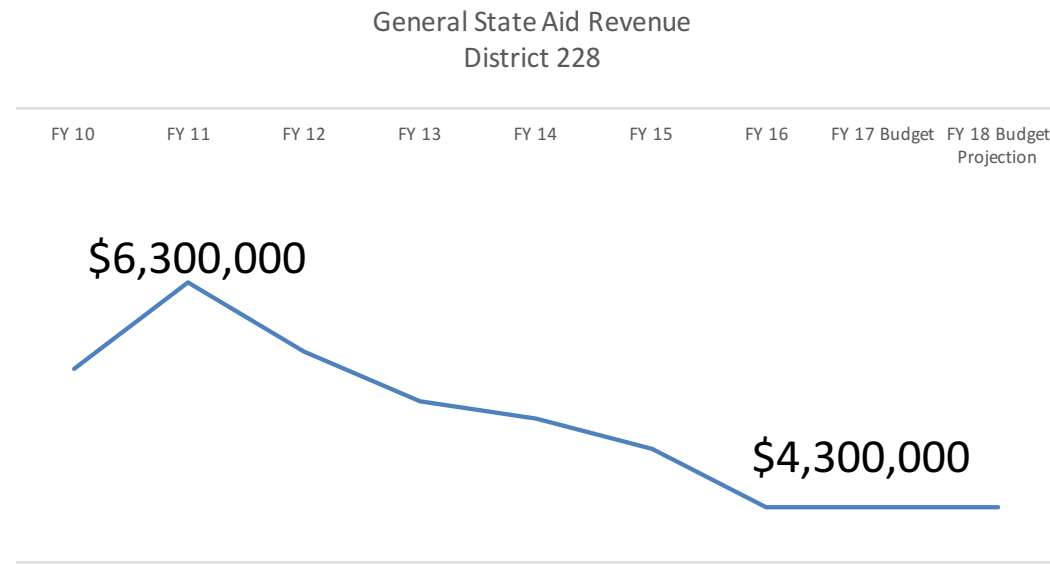


REVENUE SOURCES
FY 17 BUDGET



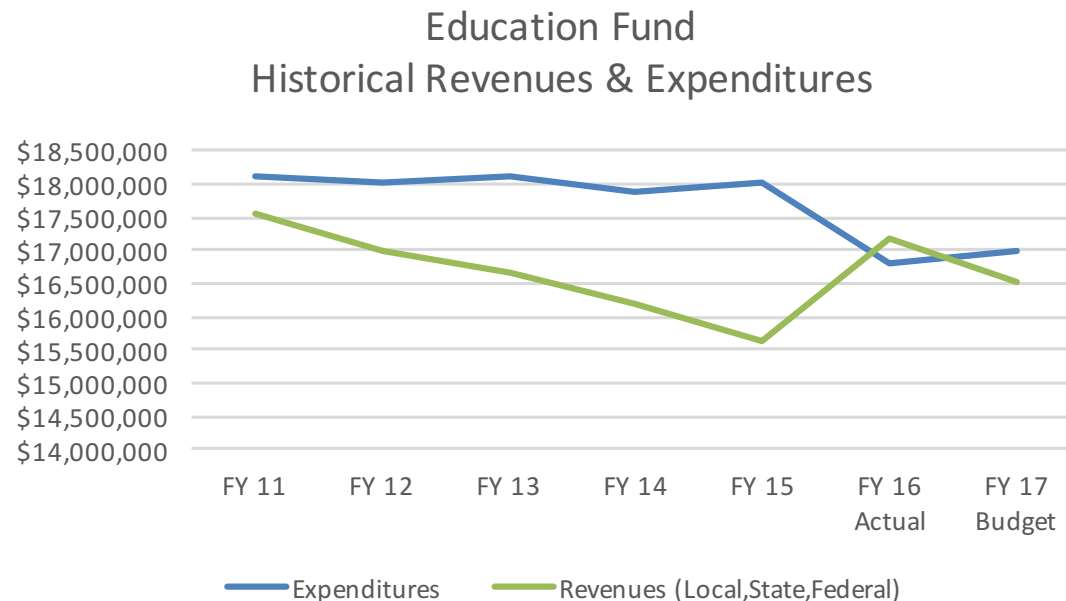
Revenue Trends

- Since Fiscal Year 2011 the District has received roughly -25% less General State Aid revenue on an inflation adjusted basis.
- Currently in Illinois 60% of all school districts deficit spend.



Education Fund Trends Revenues & Expenditures

- FY 16 surplus is result of \$1,000,000 transfer from Working Cash Fund, and a \$560,000 shift of custodial salaries to the O&M Fund.



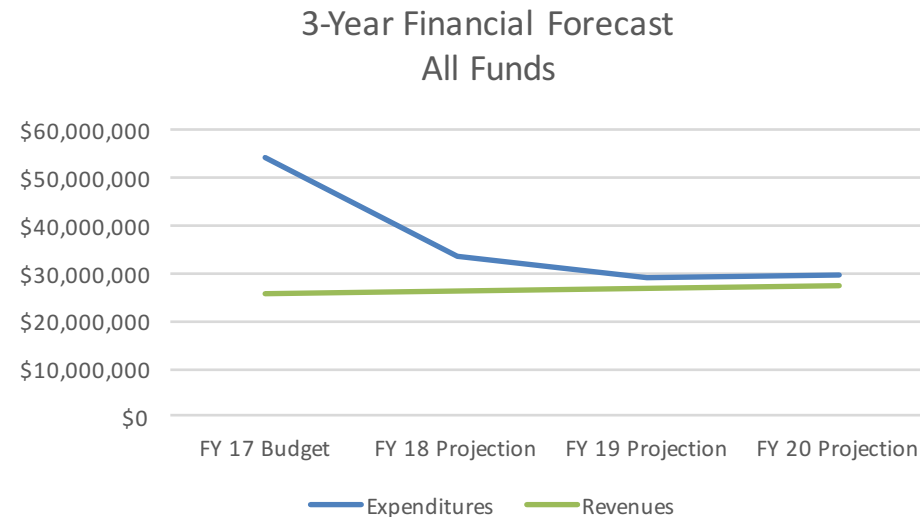
Three-Year Financial Forecast

Significant Assumptions and Drivers

- State revenues were forecasted assuming a 0% change over the FY 18 budget, then 1% increases in overall state funding for fiscal years 19 & 20.
- Federal revenues are forecasted at a 1% increase each year of the 3-year forecast.
- 2% increase in local revenues was used in the three-year forecast.
- Certified salaries are projected to increase at 1.5% for FY 18, then 2% increase in FY 19 and FY 20.
- Historical averages used in expense projections for all funds.
- Projects a FY 19 Working Cash Bond Issue of \$2,000,000.

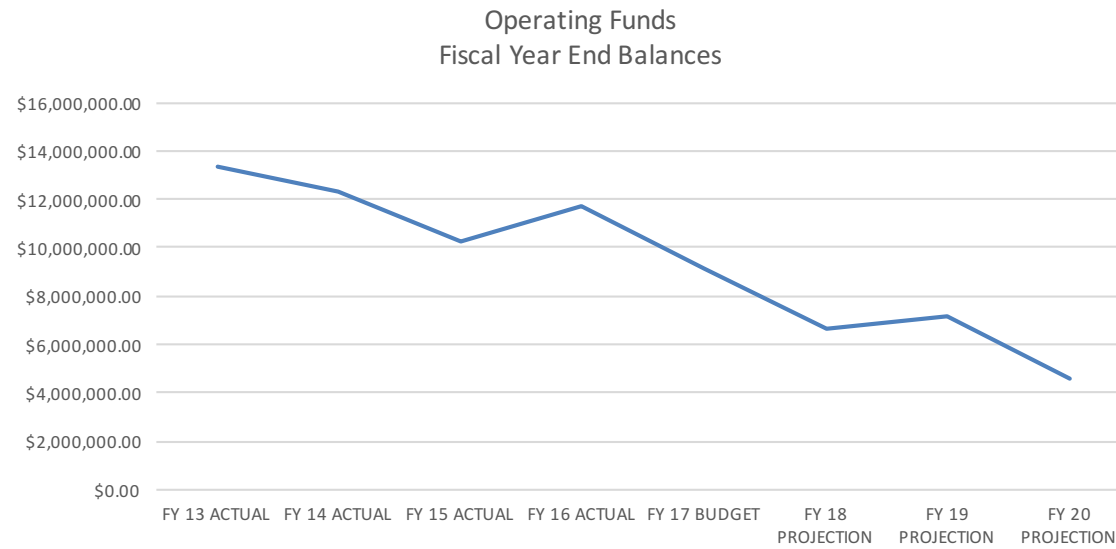
Three-Year Financial Forecast All Funds Revenue and Expenditures

- Project Leaf and the multiple capital construction projects currently underway a majority of costs will be expensed in FY 17.
- The FY 18, FY 19, and FY 20 all funds projection indicates an overall District deficit.

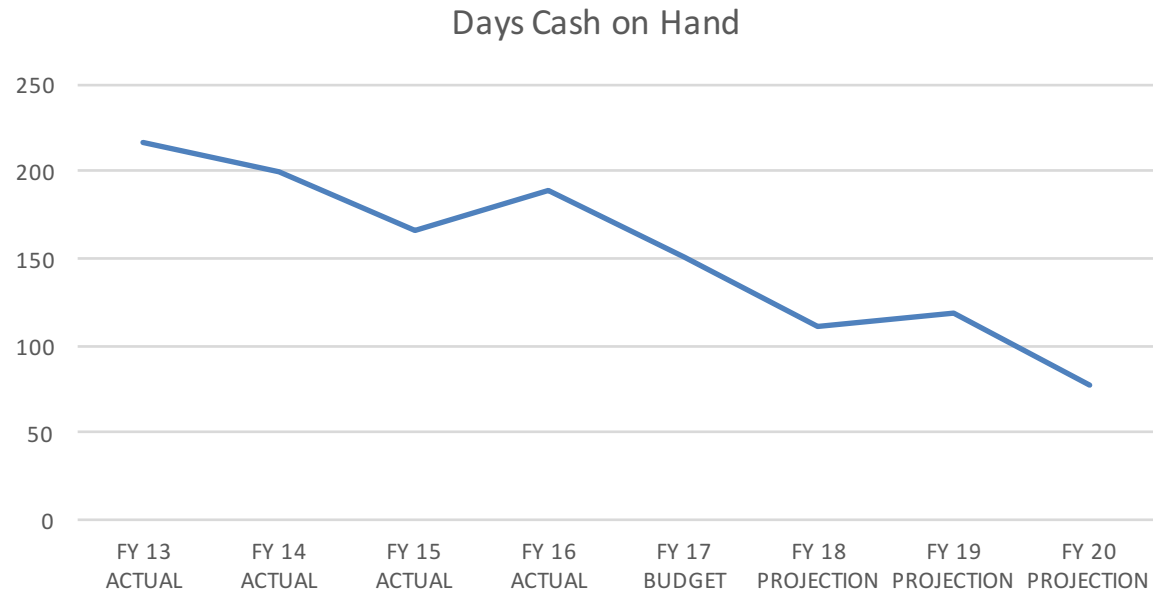


Three-Year Financial Forecast Operating Funds

- Long-term impact of declining state revenue sources.
- The current \$2.35 tax rate in the Education Fund is inadequate to generate necessary local revenues to support educational programs.

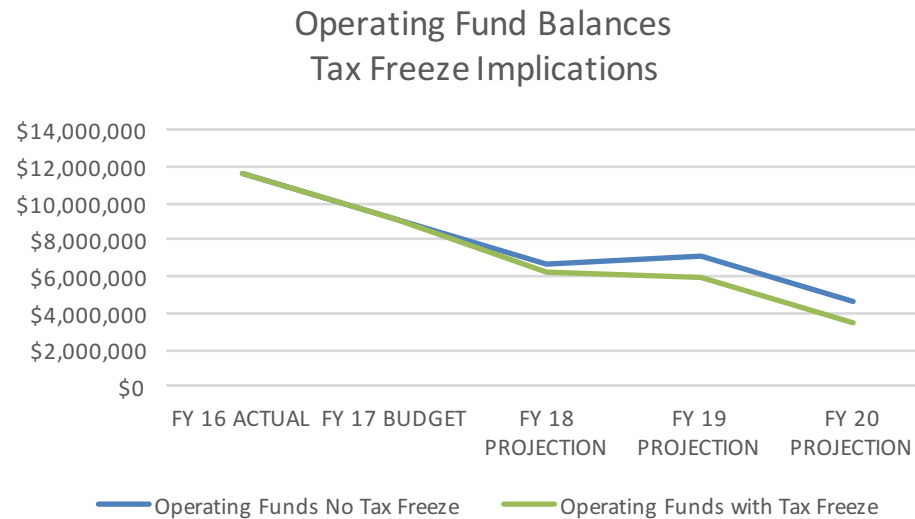


Three-Year Financial Forecast Cash Flow



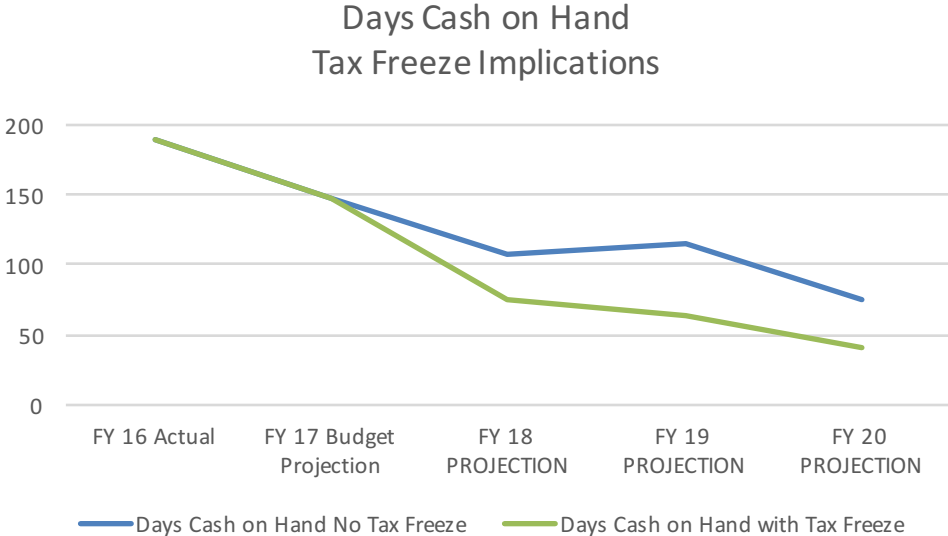
Property Tax Freeze Implications

- Details still unknown. What levy year? Can we capture new construction in EAV? Flexibility with fund accounting?
- A tax freeze would cost the district roughly \$525,000 in local revenue per year.



Property Tax Freeze Implications

- Debt Service Extension Base (DSEB). Recommendation would be to issue the \$4.1 million in working cash bonds in order to protect the District and increase our DSEB.



Long-Term Budget Sustainability Considerations

Operating Fund Deficit over $-\$2,000,000$

- Decisions on Personnel and Staffing.
- Analyze current programs, detailed cost/benefit analysis/value added studies.
- Revenue streams: Working Cash, Tax Rate Referendum.
- Unknowns: Property Tax Freeze Legislation, GEA Contract Negotiations, School Funding Reform Models.

Long-Term Budget Sustainability Considerations

Biggest Question:

What type of educational opportunity do you want to provide students and how will we pay for that???