

# Fiscal Year 2022 Tentative Budget and 3-Year Financial Forecast

Presented to the Geneseo CUSD #228 Board of Education

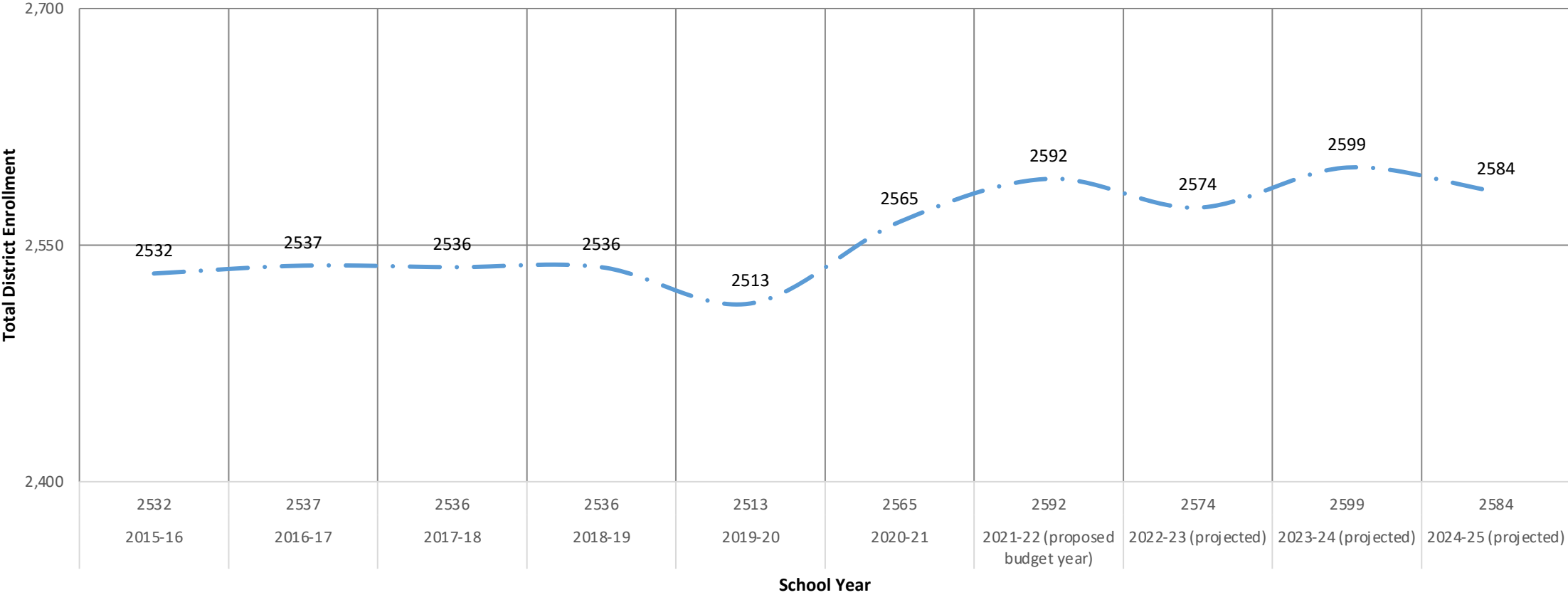
August 12, 2021

# Budget and Forecast Assumptions

- Try to use past historical norms and trends, attempt to “smooth” out outliers wherever possible, and error on the conservative side with regard to revenues.
- Assumptions have to be realistic, probable, and “most likely.” There are dozens of scenarios and *what if’s*.
- Budgets and forecasts are only as good as the assumptions used to build the models.
- Use the best information available at the current moment in time.
- Does not include issuing any new bonds for the proposed new Vocational Center.

# Historical Enrollment and Future Projection

Total k-12 District Enrollment  
Historic and Projected



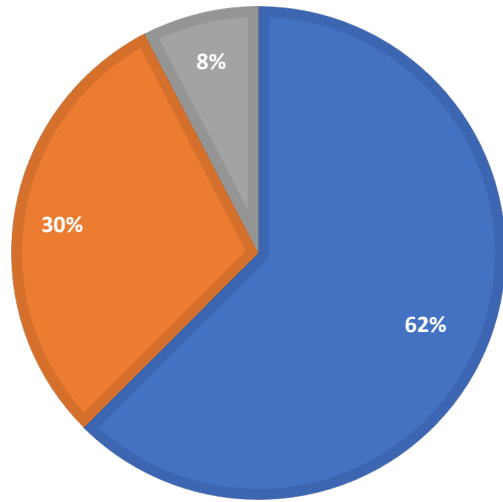
# Revenue Assumptions

- **State revenues that are earmarked for the Education Fund are held flat throughout the 3-year forecast and for the FY 22 Budget.**
- Local Revenues (tax levy) increase annually by 3.5%, which is the District's 5-year average.
- State Transportation reimbursements estimated at a pro-rated 80%.
- Federal revenues (ESSER I, II, and III) will create an “accounting wash.” Money we receive will be money spent, can get messy when we receive money in one fiscal year and spend it in the following fiscal year(s).

# How is our District Funded?

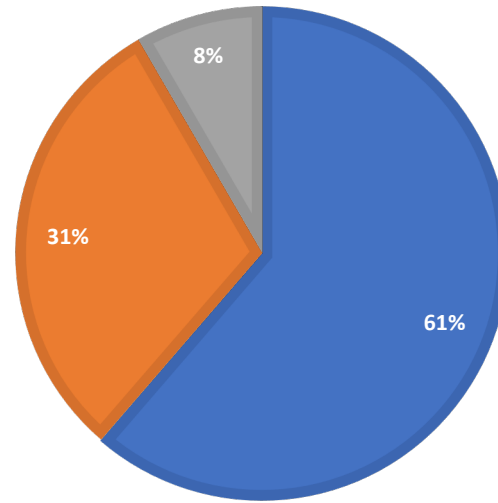
**FY 22 BUDGET**

■ Local ■ State ■ Federal



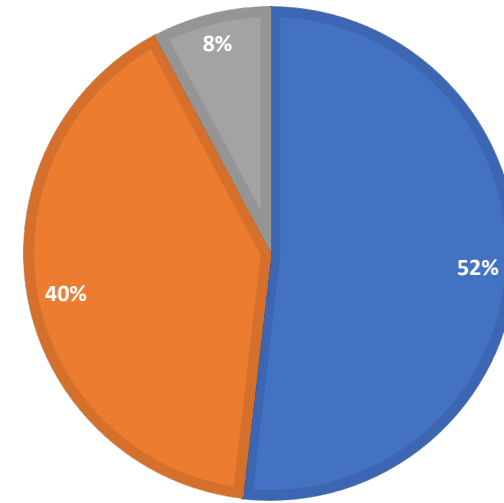
**FY 20 ACTUAL**

■ Local ■ State ■ Federal



**FY 11 ACTUAL**

■ Local ■ State ■ Federal



# Expenditure Assumptions

- Personnel: 4.7% increase in certified and non-certified salaries for FY 22.
  - 1 Administrative Coach for Academics and Instruction.
  - 2 Math Interventionists, 4 Math instructional aides.
  - 1 new Instructional Coach.
  - 1 new elementary teaching position.
  - 4 certified teaching/admin retirements at the end of FY 22; 14 additional certified teaching retirements by the end of FY 25.
- ESSER II related expenditures for District-wide appraisal and professional development. Rooftop air handlers at MS.

# Expenditure Assumptions

- Transportation: 2.5% increase from last year and throughout the forecast period.
- Major technology expenditures will be made with ESSER II/ESSER III dollars.

# Tentative Budget Forecast FY 22

## Operating Funds Summary

|                                |   |                  |
|--------------------------------|---|------------------|
| • Education Fund               | = | -\$821,522       |
| • O & M Fund                   | = | -\$280,432       |
| • Transportation Fund          | = | \$7,276          |
| • Working Cash Fund            | = | <u>-\$40,000</u> |
| • Total Operating Fund Deficit | = | -\$1,134,678     |



# Operating Funds Summary and 3-Year Projection

| Operating Funds                     | FY 22 Budget   | FY 23 Projection | FY 24 Projection | FY 25 Projection |
|-------------------------------------|----------------|------------------|------------------|------------------|
| BEGINNING FISCAL YEAR CASH BALANCES | \$13,638,618   | \$ 12,503,940    | \$ 11,618,122    | \$ 10,872,726    |
| REVENUES                            | \$23,947,522   | \$ 24,211,438    | \$ 24,623,163    | \$ 25,096,116    |
| EXPENDITURES                        | \$25,082,200   | \$ 25,097,256    | \$ 25,368,558    | \$ 25,587,016    |
| SURPLUS (DEFICIT)                   | \$ (1,134,678) | \$ (885,818)     | \$ (745,395)     | \$ (490,900)     |
| ENDING OPERATING FUND BALANCE       | \$12,503,940   | \$ 11,618,122    | \$ 10,872,726    | \$ 10,381,826    |

# Expenditure Comparison by Object

## All Funds

| Object                           | FY 21 Actual | FY 22 Budget | % Increase (Decrease) |
|----------------------------------|--------------|--------------|-----------------------|
| Salaries                         | \$13,921,354 | \$14,582,504 | + 4.7%                |
| Benefits                         | \$2,513,459  | \$2,605,678  | + 3.6%                |
| Purchased Services               | \$3,227,514  | \$3,439,166  | + 6.5%                |
| Supplies                         | \$2,483,524  | \$2,619,057  | + 5.4%                |
| Equipment                        | \$752,010    | \$209,140    | - 72.2%               |
| Other Objects/Non-Capital Assets | \$5,929,348  | \$5,816,899  | - 1.8%                |
| Total                            | \$28,827,209 | \$29,272,444 | + 1.54%               |

# Cash Position

## End of Fiscal Year Cash Balances

| Fund               | FY 21 Actual | FY 22 Budget | FY 23 Projection | FY 24 Projection | FY 25 Projection |
|--------------------|--------------|--------------|------------------|------------------|------------------|
| Education          | 5,168,956    | 4,231,124    | 3,993,870        | 3,948,984        | 4,208,672        |
| O & M              | 2,593,001    | 2,316,568    | 2,163,042        | 2,038,321        | 1,943,736        |
| Debt Service       | 2,379,930    | 2,431,331    | 2,688,732        | 2,946,133        | 3,203,534        |
| Transportation     | 1,543,411    | 1,305,730    | 1,066,308        | 825,272          | 582,762          |
| IMRF/SS            | 917,955      | 917,770      | 844,604          | 752,843          | 641,853          |
| Capital Projects   | 1,172,424    | 1,672,924    | 447,424          | 649,924          | 839,924          |
| Working Cash       | 4,783,865    | 3,993,865    | 3,198,865        | 2,408,865        | 1,623,865        |
| Tort               | 641,718      | 530,115      | 529,371          | 513,501          | 482,506          |
| Health Life Safety | 57,167       | 108,167      | 209,167          | 306,167          | 391,167          |

# Cash Position

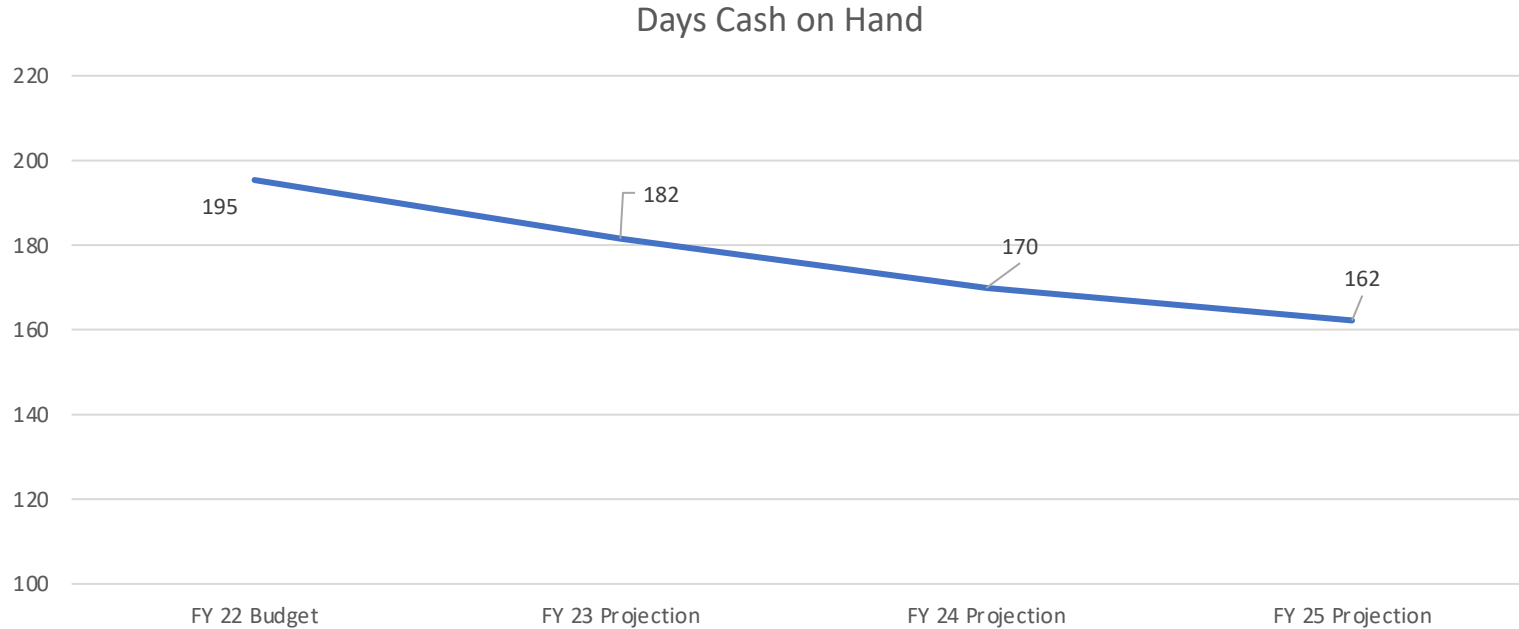
- Board Policy 4:20

“The School District seeks to maintain a year-end fund balance to revenue ratio of **no less than 15-20 percent**, as calculated under the Illinois State Board of Education School District Financial Profile.”

## Fund Balance to Revenue Ratio

|                | FY 22  | FY 23 | FY 24 | FY 25 |
|----------------|--------|-------|-------|-------|
| Education      | 21.4%  | 19.2% | 19.4% | 20.1% |
| O & M          | 101.2% | 96.4% | 88.2% | 81.6% |
| Transportation | 70.3%  | 56.3% | 42.1% | 29.2% |
| Working Cash   | 83.3%  | 80.1% | 75.4% | 67.3% |

# Cash Position



Existing working cash bond will be paid off in FY 24.

## *ISBE Financial Profile Days Cash on Hand*

**Category 4** = At least 180 days cash on hand (lowest risk)

**Category 3** = Less than 180 days cash on hand to at least 90 days cash on hand

**Category 2** = Less than 90 days cash on hand to at least 30 days cash on hand

**Category 1** = Less than 30 days cash on hand (highest risk)

# Final Thoughts

- Fiscal Optimism:
  - Current day strong Working Cash Fund balance.
  - EAV continues to rise. The local housing market is strong.
  - 1% Sales Tax revenue. We had a record year.
  - 18 certified staff retirements over the next 4 fiscal years.
  - Buildings and Facilities are in excellent shape.
  - The 10-year Health Life Safety survey work is complete (Project Leaf).
  - Shifting salary out of the Ed Fund to Tort has been effective.
  - “Manageable” deficits compared to last 10 years.

# Final Thoughts

- Fiscal Concerns:
  - Illinois (Political Uncertainty, Minimum Wage Mandates, Unfunded Pension Liabilities, Property Tax Freeze, etc.)
  - \$2.35 Ed Fund Tax Rate creates a structural deficit in the Ed Fund.
  - \$.04 Special Education Tax Rate plays a significant role in the Ed Fund structural deficit.
  - Keep a close eye on payroll expenditures moving forward, including health insurance and prescription drug costs.