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Community Consolidated School District 15

Joseph M. Kiszka Educational Service Center
580 N. 1st Bank Drive
Palatine, IL 60067-8110

Michael Adamczyk
Chief School Business Official

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DATE: June 14, 2017

TO: Board of Education

FROM: Michael Adamczyk, CSBO

RE: FY18 Tentative Budget



Attached is the tentative budget for the 2017-18 fiscal year. The budget provides for expenditures in excess of revenues of \$8,921,587. Excluding the Life Safety fund, the deficit is \$3,154,531. This is inclusive of the Frank C. Whiteley curtain wall replacement for \$1,638,065 and Life Safety projects of \$2,045,609 that are expenditures of the Capital Projects fund.

Community Consolidated School District 15

Tentative Budget 2017-18

Michael M. Adamczyk
Chief School Business Official
June 14, 2017



What is a Budget?

Definition of a budget (noun):

- A statement of the financial position of an administration for a definite period of time based on *estimates* of expenditures during the period and proposals for financing them.
 - Merriam-Webster
- A financial plan that lists *expected* expenses and income during a particular period.
 - Cambridge
- An *estimate* of income and expenditures for a set period of time.
 - Oxford



District 15 Budget

- **Fund 10 – Educational**
- **Fund 20 – Operations and Maintenance**
- **Fund 30 – Bond and Interest (Debt)**
- **Fund 40 – Transportation**
- **Fund 50 – Illinois Municipal Retirement**
- **Fund 51 – Social Security**
- **Fund 60 – Site and Construction (Capital Projects)**
- **Fund 70 – Working Cash**
- **Fund 80 – Tort Liability**
- **Fund 90 – Capital Improvements (Life Safety)**



10 separate funds and 1,654 line items



Major Assumptions

- **Incorporates the budget guidelines approved by the Board of Education at the February 8, 2017 Board meeting.**
- **ESPA and SEIU contracts unsettled at this point. Salaries budgeted with a 1.0% increase.**
- **Administrator and non-represented employees budgeted with a 1.0% increase.**
- **No increase in CTC staffing from the current 2016/17 school year.**
- **Remainder of the Life Safety projects will be expended during the fiscal year.**
- **Legislature will pass K-12 appropriations prior to the start of next school year.**



Unknown at this point in time (Federal Budget)

- **President Trump unveiled his 2018 budget on May 23.**
- **Budget proposal would reduce Medicaid funding by \$800 billion over ten years.**
- **District 15 budgets \$1.2 million annually for services provided to students by Special Services staff members.**
- **2017-18 D15 budget assumes no reduction in Medicaid Revenue.**
- **Title I funding would be increased by \$1 billion annually, however this new money would be earmarked for grants that support public school choice.**
- **2017-18 D15 budget for Title I equals \$2.155 million and assumes no reductions.**



Unknown at this point in time (State Budget)

2016-17 School Year

- **General State Aid (GSA) Allowance of \$10,172,295.**
- **Mandated Categorical Payments (MCAT) for Special Ed. and Bilingual of \$5,504,564.**
- **Transportation Reimbursement of \$4,166,862.**
- **State allocation excluding GSA is \$9,671,426.**
- **GSA payments have been made throughout the school year.**
- **MCAT and Transportation normally paid four times per year.**
- **Received only one MCAT and Transportation payment for \$2,198,364.**



Unknown at this point in time (State Budget)

2016-17 School Year

- Amount at risk of not receiving by fiscal year end is \$7,473,062.
- Basis of Accounting – Modified Accrual vs. Cash.
- Modified Accrual Basis of Accounting – Revenues are recorded when earned and expenses are recorded when a liability is incurred.
- State Comptroller's authority to pay 2016-17 vouchers lapses on 12/31/2017.
- Auditors may not allow us to accrue FY17 payments if there is no state budget, or insufficient state borrowing.



Unknown at this point in time (State Budget)

2017-18 School Year

- **State Legislature has not adopted a budget for the 2017-18 school year.**
- **No appropriation for K-12 for the school year beginning July 1, 2017.**
- **No GSA, MCAT, or Transportation Reimbursement payments (\$19,508,383).**
- **Federal Title authority will cease, suspending payments for Title I, II, and III (\$2,738,521).**



CTC Staffing

- **Goal is to hire all CTC staff members at BA-0 or \$39,944.**
- **This may not be possible for hard to hire positions such as Bi-lingual, Special Education, or Psychologists.**
- **As of June 5, 2017, 14.6 positions remain unfilled.**
- **Proposed 2017-18 budget anticipates 881.0 positions for \$68,370,720.**
- **Does not include an estimated \$425,000 in attrition savings.**
- **This compares to 879.39 positions for \$68,026,926 presented in November 2016 Five Year Forecast.**
- **CTC negotiations in March 2016 calculated 880.035 positions for \$67,825,035.**
- **A variance of \$82,139 or .001211 compared to March 2016 assuming attrition savings.**
- **Attrition savings and new hires will not be known until September.**



Budget Highlights

Revenue

- **Total Property Tax Revenue of \$117,401,768, excluding Debt.**
- **Accounts for 77.18% of district revenue.**
- **Total State Sources of \$19,508,383 or 12.82%.**
- **Total Federal Sources of \$9,567,090 or 6.29%.**



Budget Highlights

Expenditures

- **Total Salaries of \$103,384,553 or 66.58%.**
- **Employee Benefits of \$20,070,576 or 12.93%.**
- **Utilities of \$2,448,000.**
- **Liability Insurance of \$1,236,000.**
- **Technology expenditures of \$2,700,000.**
- **Food and supply costs of \$1,878,000.**
- **Capital Projects Fund expenditures of \$4,063,000.**
- **Transportation Fund expenditures of \$2,474,000.**
- **O/M Fund expenditures of \$2,716,000.**
- **These items are \$141.0 million of \$155.27 million budget.**



Budget Highlights

Excess Revenue over/(under) Expenditures

(\$8,921,587) – Proposed Budget

5,772,056 – Fund 90

**1,638,065 – Frank C. Whiteley Project
(16/17, 17/18, 18/19)**

2,045,609 – Excess Fund 90 Project Costs in Fund 60

\$534,143

(\$1,071,354) – Five Year Forecast, November 2016



Revenue Summary

	Audited Actual 2015-16	Adopted Budget 2016-17	Tentative Budget 2017-18	Increase/(Decrease) Adopted to Tentative
Revenue				
Educational	120,296,079	122,328,085	121,619,945	
Operations and Maintenance	13,356,819	13,776,225	14,053,440	
Transportation	8,432,825	8,669,646	9,203,771	
IMRF/Social Security	5,428,212	5,444,471	5,507,851	
Working Cash	225	250	700	
Tort Immunity	975,083	964,476	1,294,617	
Capital Projects	1,216,444	380,300	442,000	
Health & Life Safety	18,529,878	9,148,300	5,000	
	168,235,568	160,711,752	152,127,324	-5.34%
Debt	4,858,581	4,892,850	5,724,450	
Total All Funds	173,094,149	165,604,602	157,851,774	-4.68%



Expenditure Summary

	Audited Actual 2015-16	Adopted Budget 2016-17	Tentative Budget 2017-18	Increase/(Decrease) Adopted to Tentative
Expenditures				
Educational	120,759,087	121,904,619	123,878,857	
Operations and Maintenance	11,289,105	11,169,070	11,213,961	
Transportation	8,847,298	9,263,160	9,310,180	
IMRF/Social Security	5,243,873	5,517,714	5,573,868	
Working Cash	-	-	-	
Tort Immunity	1,292,557	1,242,500	1,236,555	
Capital Projects	3,210,171	2,258,758	4,063,434	
Health & Life Safety	7,400,826	14,510,500	5,772,056	
	158,042,917	165,866,321	161,048,911	-2.90%
Debt	6,688,177	5,491,350	5,840,650	
Total All Funds	164,731,094	171,357,671	166,889,561	-2.61%



Fund Balance Summary

	Audited Actual 2015-16	Revised Budget 2016-17	Tentative Budget 2017-18	Increase/(Decrease) Adopted to Tentative
Net change in Fund Balance Excluding Debt Service	10,938,526	(5,154,569)	(8,921,587)	
Beginning Fund Balance	56,899,429	67,837,957	62,683,390	-7.60%
Ending Fund Balance	67,837,957	62,683,390	53,761,804	-14.23%
All Funds % of Expenditures	42.92%	37.79%	33.38%	
Ending Fund Balance including Debt Services	71,090,741	65,337,674	56,299,888	-13.83%
Ending Fund Balance including Debt Services as % of Expenditures	43.16%	38.13%	34.00%	
Revenues over/(under) Expenditures including Debt	9,108,930	(5,753,069)	(9,037,787)	



FY18 Tentative Budget

Educational Fund

	Audited Actual 2015-16	Adopted Budget 2016-17	Tentative Budget 2017-18	Increase/(Decrease) Adopted to Tentative
Revenue				
Property Tax	\$ 91,965,975	92,779,951	93,426,989	
State	14,855,088	15,676,859	14,878,196	
Federal	9,627,277	9,567,090	9,567,090	
Interest on Investments	120,947	125,000	220,000	
CPPR Tax	802,683	656,448	831,183	
Other	2,924,109	3,522,737	2,696,487	
	<u>\$ 120,296,079</u>	<u>\$ 122,328,086</u>	<u>121,619,945</u>	-0.58%
Expenditures				
Salaries*	\$ 91,080,019	91,582,983	92,958,805	1.50%
Benefits*	17,903,023	17,773,750	18,813,030	5.85%
Purchased Services	3,237,237	3,149,780	3,350,400	6.37%
Supplies	5,286,681	5,090,109	5,047,654	-0.83%
Equipment	1,934,149	2,997,484	2,382,505	-20.52%
Tuition/Dues/Fees	1,317,977	1,310,513	1,326,463	1.22%
Other				
	<u>\$ 120,759,086</u>	<u>\$ 121,904,619</u>	<u>123,878,857</u>	1.62%
(Transfers Out)				
Sources	745,875			
Net change in Fund Balance	<u>282,868</u>	<u>423,467</u>	<u>(2,258,912)</u>	
Beginning Fund Balance	\$ 44,472,713	\$ 44,755,581	\$ 45,179,048	
Ending Fund Balance	\$ 44,755,581	\$ 45,179,048	\$ 42,920,136	

Salaries*				
Administration		6,622,405	6,477,833	-2.18%
Certified Staff		68,187,720	69,926,817	2.55%
OT/PT		634,501	634,501	0.00%
Program Assistants		5,194,135	5,323,988	2.50%
Secretary/Clerical		3,353,740	3,130,549	-6.65%
Food Service		780,624	730,963	-6.36%
Substitute Teachers		1,584,797	1,565,324	-1.23%
Miscellaneous		5,225,061	5,168,830	-1.08%
		<u>91,080,019</u>	<u>91,582,983</u>	<u>1.50%</u>

Benefits*				
TRS	1,786,158	1,520,995	1,418,661	-6.73%
Medical	15,961,315	16,002,755	17,144,369	7.13%
Tuition Reimbursement	155,549	250,000	250,000	0.00%
	<u>17,903,022</u>	<u>17,773,750</u>	<u>18,813,030</u>	<u>5.85%</u>

FY18 Tentative Budget

Operations & Maintenance Fund

	Audited Actual 2015-16	Adopted Budget 2016-17	Tentative Budget 2017-18	Increase/(Decrease) Adopted to Tentative
Revenue				
Property Tax	\$ 12,594,905	12,836,345	12,971,727	
CPPR Tax	477,749.00	656,448	831,183	
Interest on Investments	10,872	7,500	10,000	
Other	273,294	275,932	240,530	
	\$ 13,356,819	13,776,225	14,053,440	2.01%
Expenditures				
Salaries	\$ 5,023,670	5,116,273	5,062,696	
Benefits	904,027	950,107	986,775	
Purchased Services	1,810,749	1,445,440	1,397,440	
Supplies	3,251,115	3,185,250	3,285,550	
Equipment	298,330	472,000	480,750	
Other	1,214	-	750	
	\$ 11,289,105	11,169,070	11,213,961	0.40%
Transfer In			-	
Transfers Out	(3,400,000)	(1,000,000)	(3,000,000)	
Net change in Fund Balance	(1,332,288)	1,607,155	(160,521)	
Beginning Fund Balance	\$ 2,756,896	\$ 1,424,609	\$ 3,031,764	
Ending Balance	\$ 1,424,609	\$ 3,031,764	\$ 2,871,243	

Debt Service Fund

	Audited Actual 2015-16	Adopted Budget 2016-17	Tentative Budget 2017-18	Increase/(Decrease) Adopted to Tentative
Revenue				
Property Tax	\$ 4,839,755	\$ 4,885,850	\$ 5,704,450	
Interest on Investments	18,826	7,000	20,000	
Other				
	\$ 4,858,581	\$ 4,892,850	\$ 5,724,450	17.00%
Expenditures				
Principal Payment	\$ 6,255,000	4,495,000	4,495,000	
Interest Payment	432,702	995,650	1,344,650	
Debt Service Other	475	700	1,000	
	\$ 6,688,177	\$ 5,491,350	5,840,650	6.36%
Sources from Bond Refunding	-			
Uses from Bond Refunding	-			
Net change in Fund Balance	(1,829,596)	(598,500)	(116,200)	
Beginning Fund Balance	\$ 5,082,380	\$ 3,252,784	\$ 2,654,284	
Ending Fund Balance	\$ 3,252,784	\$ 2,654,284	\$ 2,538,084	

FY18 Tentative Budget

Transportation Fund

	Audited Actual 2015-16	Adopted Budget 2016-17	Tentative Budget 2017-18	Increase/(Decrease) Adopted to Tentative
Revenue				
Property Tax	\$ 4,206,273	\$ 4,290,784	\$ 4,343,584	
Interest on Investments	14,399	12,000	30,000	
Other Local	211,542	200,000	200,000	
Other State		-		
State Reimbursement	4,000,611	4,166,862	4,630,187	
	<u>\$ 8,432,825</u>	<u>\$ 8,669,646</u>	<u>\$ 9,203,771</u>	6.16%
Expenditures				
Salaries	\$ 4,709,979	\$ 4,928,844	\$ 4,896,610	
Benefits	1,717,920	1,798,368	1,939,432	
Purchased Services	707,715	630,029	680,029	
Supplies	893,497	1,095,151	1,015,151	
Equipment	73,548	66,129	29,000	
Other	744,639	744,639	749,958	
	<u>\$ 8,847,298</u>	<u>\$ 9,263,160</u>	<u>\$ 9,310,180</u>	0.51%
Transfers In/(Out)				
Net change in Fund Balance	<u>(414,473)</u>	<u>(593,514)</u>	<u>(106,409)</u>	
Beginning Fund Balance	\$ 6,010,659	\$ 5,596,186	\$ 5,002,672	
Ending Fund Balance	\$ 5,596,186	\$ 5,002,672	\$ 4,896,263	

IMRF/Social Security Funds

	Audited Actual 2015-16	Adopted Budget 2016-17	Tentative Budget 2017-18	Increase/(Decrease) Adopted to Tentative
Revenue				
Property Taxes	\$ 5,296,229	\$ 5,313,971	\$ 5,367,851	
CPPR Taxes	125,000	125,000	125,000	
Interest on Investments	6,983	5,500	15,000	
	<u>\$ 5,428,212</u>	<u>\$ 5,444,471</u>	<u>\$ 5,507,851</u>	1.16%
Expenditures				
IMRF	\$ 2,502,610	\$ 2,660,233	\$ 2,708,271	
FICA/Medicare	2,741,260	2,857,481	2,865,597	
	<u>\$ 5,243,871</u>	<u>\$ 5,517,714</u>	<u>\$ 5,573,868</u>	1.02%
Net change in Fund Balance	<u>184,341</u>	<u>(73,243)</u>	<u>(66,017)</u>	
Beginning Fund Balance	\$ 2,473,716	\$ 2,658,057	\$ 2,584,814	
Ending Fund Balance	\$ 2,658,057	\$ 2,584,814	\$ 2,518,797	

FY18 Tentative Budget

Capital Projects Funds

	Audited Actual 2015-16	Adopted Budget 2016-17	Tentative Budget 2017-18	Increase/(Decrease) Adopted to Tentative
Revenue				
Impact Fees	\$ 418,202	\$ 100,000	\$ 100,000	
Interest on Investments	495	300	2,000	
Other Local			60,000	
State Grant				
TIF Revenue	797,748	280,000	280,000	
	<u>\$ 1,216,444</u>	<u>\$ 380,300</u>	<u>\$ 442,000</u>	16.22%
Expenditures				
Purchased Services	\$ 769,295	\$ 355,120	\$ 1,035,828	
Supplies				
Equipment	2,440,876	1,903,638	3,027,606	
Contingency				
	<u>\$ 3,210,171</u>	<u>\$ 2,258,758</u>	<u>\$ 4,063,434</u>	79.90%
Transfers In/(Out)	3,400,000	1,000,000	3,000,000	
Net change in Fund Balance	<u>1,406,273</u>	<u>(878,458)</u>	<u>(621,434)</u>	
Beginning Fund Balance	\$ 252,143	\$ 1,658,415	\$ 779,958	
Ending Fund Balance	\$ 1,658,415	\$ 779,957	\$ 158,524	

Capital Projects:

Non-approved L/S Projects	1,390,810
Cafeteria Tables	147,000
TJ Parking Lot	96,760
WCJH Wall Partition	36,000
LL Playground	100,000
FCW Curtain Wall	1,257,036
A/E Fees	256,028
Professional/Tech Services	779,800
	<u>4,063,434</u>

Working Cash Funds

	Audited Actual 2015-16	Adopted Budget 2016-17	Tentative Budget 2017-18	Increase/(Decrease) Adopted to Tentative
Revenue				
Interest on Investments	\$ 225	\$ 250	\$ 700	
	<u>\$ 225</u>	<u>\$ 250</u>	<u>\$ 700</u>	180.00%
Expenditures				
	-	-		
	-	-		
Net change in Fund Balance	<u>\$ 225</u>	<u>\$ 250</u>	<u>\$ 700</u>	180.00%
Beginning Fund Balance	\$ 110,762	\$ 110,987	\$ 111,237	
Ending Fund Balance	\$ 110,987	\$ 111,237	\$ 111,937	

FY18 Tentative Budget

Tort Immunity Fund

	Audited Actual 2015-16	Adopted Budget 2016-17	Tentative Budget 2017-18	Increase/(Decrease) Adopted to Tentative
Revenue				
Property Tax	\$ 972,568	\$ 963,176	\$ 1,291,617	
Other	1,871			
Interest on Investments	644	1,300	3,000	
	<u>\$ 975,083</u>	<u>\$ 964,476</u>	<u>\$ 1,294,617</u>	34.23%
Expenditures				
Purchased Services	\$ 1,292,555	\$ 1,242,500	\$ 1,236,555	
Other	-			
	<u>\$ 1,292,555</u>	<u>\$ 1,242,500</u>	<u>\$ 1,236,555</u>	-0.48%
Transfers In/(Out)	-	-	-	
Net change in Fund Balance	<u>(317,472)</u>	<u>(278,024)</u>	<u>58,062</u>	
Beginning Fund Balance	\$ 803,836	\$ 486,364	\$ 208,340	
Ending Fund Balance	\$ 486,364	\$ 208,340	\$ 266,402	

Health Life Safety Fund

	Audited Actual 2015-16	Adopted Budget 2016-17	Tentative Budget 2017-18	Increase/(Decrease) Adopted to Tentative
Revenue				
Interest on Investments	\$ 4,732	\$ 14,850	\$ 5,000	
Principal on Bonds Sold	\$ 15,675,000	\$ 9,000,000	\$ -	
Premium on Bonds Sold	\$ 2,850,146	\$ 133,450	\$ -	
	<u>\$ 18,529,878</u>	<u>\$ 9,148,300</u>	<u>\$ 5,000</u>	-100%
Expenditures				
Purchased Services	\$ 1,560,714	\$ 1,182,349	\$ -	
Building Improvement	\$ 5,564,966	\$ 13,194,701	\$ 5,772,056	
Bond Issuance Cost	\$ 275,146	\$ 133,450	\$ -	
	<u>\$ 7,400,826</u>	<u>\$ 14,510,500</u>	<u>\$ 5,772,056</u>	
Net change in Fund Balance	<u>\$ 11,129,052</u>	<u>\$ (5,362,200)</u>	<u>\$ (5,767,056)</u>	8%
Beginning Fund Balance	\$ 18,704	\$ 11,147,756	\$ 5,785,556	
Ending Fund Balance	\$ 11,147,756	\$ 5,785,556	\$ 18,500	

Health Life/Safety Projects:

FY18 Tentative Budget

Summary

	Audited Actual 2015-16	Adopted Budget 2016-17	Tentative Budget 2017-18	Increase/(Decrease) Adopted to Tentative
Revenue				
Educational	120,296,079	122,328,085	121,619,945	
Operations and Maintenance	13,356,819	13,776,225	14,053,440	
Transportation	8,432,825	8,669,646	9,203,771	
IMRF/Social Security	5,428,212	5,444,471	5,507,851	
Working Cash	225	250	700	
Tort Immunity	975,083	964,476	1,294,617	
Capital Projects	1,216,444	380,300	442,000	
Health & Life Safety	18,529,878	9,148,300	5,000	
	<u>168,235,568</u>	<u>160,711,752</u>	<u>152,127,324</u>	-5.34%
Debt	4,858,581	4,892,850	5,724,450	
Total All Funds	<u>173,094,149</u>	<u>165,604,602</u>	<u>157,851,774</u>	-4.68%
Expenditures				
Educational	120,759,087	121,904,619	123,878,857	
Operations and Maintenance	11,289,105	11,169,070	11,213,961	
Transportation	8,847,298	9,263,160	9,310,180	
IMRF/Social Security	5,243,873	5,517,714	5,573,868	
Working Cash	-	-	-	
Tort Immunity	1,292,557	1,242,500	1,236,555	
Capital Projects	3,210,171	2,258,758	4,063,434	
Health & Life Safety	7,400,826	14,510,500	5,772,056	
	<u>158,042,917</u>	<u>165,866,321</u>	<u>161,048,911</u>	-2.90%
Debt	6,688,177	5,491,350	5,840,650	
Total All Funds	<u>164,731,094</u>	<u>171,357,671</u>	<u>166,889,561</u>	-2.61%
Proceeds - Lap Top Lease & Data R	745,875	-	-	
Net change in Fund Balance				
Excluding Debt Service	10,938,526	(5,154,569)	(8,921,587)	
Beginning Fund Balance	56,899,429	67,837,957	62,683,390	-7.60%
Ending Fund Balance	67,837,957	62,683,390	53,761,804	-14.23%
All Funds % of Expenditures	42.92%	37.79%	33.38%	
Ending Fund Bal including Debt Services:	71,090,741	65,337,674	56,299,888	-13.83%
Ending Fund Bal including Debt Svcs. as % of Expend.	43.16%	38.13%	34%	
Revenues over/(under) Expenditures incl. Debt	9,108,930	(5,753,069)	(9,037,787)	
Check: End Fund Bal w/o Debt	67,837,957	62,683,390	53,761,804	