



Financial Report 2020

Board of Education

2020-21

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To the District 64 Community:

We are pleased to present the seventh of our award-winning Financial Report, which summarizes our financial performance during the 2019-20 fiscal year. This report brings together essential information about the District's financial health in one reader-friendly overview.



Here are the essential things to know about our finances:

- ▶ Strong fiscal discipline has created a period of financial stability while allowing District 64 to support a high quality educational program for our students and self-fund several facility improvements.
- ▶ The District continued its facilities improvements as part of the comprehensive Health Life Safety/Master Facilities Plan. During the 2019-20 fiscal year, the District funded a 8,900-square-foot addition at Washington school at a total cost of \$5 million.
- ▶ The COVID-19 pandemic brought about a lot of financial uncertainty that could not have been predicted. Despite the challenges, the District was able to maintain fiscal responsibility and spend within its means.

As we look toward the future:

- ▶ Stepped up investments are being made to maintain our school buildings and transition them to be flexible 21st century learning spaces, as identified by a required 10-year Health Life Safety survey and new Master Facilities Plan.
- ▶ During the current 2020-21 school year, the district developed its next five-year strategic plan.

This 2020 Financial Report offers a review of revenues and expenses, and looks at the District's financial performance over time as well as projections for the future. We also highlight some of the vital partnerships with you, our community members, that benefit our students and schools. For those interested in more layers of data, the District website offers the current adopted budget along with 12 years of past budgets and audited year-end financial reports.

We invite you to stay connected with us to see how your tax dollars are preparing Park Ridge-Niles students to become *future ready learners and leaders*.

Your partner in education,
Dr. Eric Olson, *Superintendent* eolson@d64.org [#engageD64](https://twitter.com/engageD64)



Financial Cycle

The District's financial cycle continues through the year.

Financial Projections

January: CPI-U data drives annual tax revenue forecast

Budget

Spring: planning (enrollment and staffing projections, program and facility needs)

May/June: first draft

June/July: tentative budget adopted

Summer: updates based on new data

September: public hearing and final adoption

Audit

September/October: external financial audit

November/December: acceptance by Board

Levy

October: draft prepared

November: tentative levy adopted

December: public hearing and final adoption

Fast financial facts

“School Finance 101” - understanding education terms

District 64's “year” for financial purposes begins on July 1 and ends the following June 30. As required for all school districts in Illinois, District 64 accounts for revenues and expenditures in eight separate “funds.”

► The six funds used for day-to-day operations are identified as the “**Operating Funds**.” These are: Education, Operations & Maintenance, Transportation, Working Cash, Illinois Municipal Retirement Fund/Social Security, and Tort Immunity.

► The remaining funds, **Debt Service** and **Capital Projects**, are used to repay bonds and pay for long-term facility improvements. They're excluded from the Operating Funds, because they're not part of the District's core operations.

Need more details?

Financial information back to 2006-07 is immediately available on the [Business Department website](#).

Operating surplus in 2020

A key indicator for District 64's financial health is its Operating Fund balance at the close of each fiscal year.

For 2019-20, District 64 had a deficit in its annual Operating Funds of almost \$1.8 million due to fund transfers to the capital projects fund. The Operating Fund balance decreased to \$39 million. This translates to 198 days of cash on hand, which continues to surpass the Board's goal of 120 days. District 64 maintained its perfect 4.0 “Recognition” financial rating — the highest possible — from the Illinois State Board of Education for the 11th straight year.

Budget for 2021 continues the positive trend

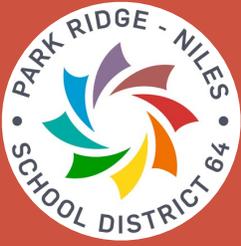
The Board of Education adopted a final budget for 2020-21 on September 10, 2020.

Highlights include:

- Revenues exceed expenditures in the Operating Funds by \$1 million.
- A \$1 million transfer from the Operating Funds to Debt Service is planned to fund capital lease and Debt Certificate payments
- Due to COVID-19 and the uncertainty of having remote or in-person learning, administration proceeded with a budget that reflects a normal year with the exception of additional budget amounts to cover COVID-19 supplies.

OPERATING FUNDS (\$ in millions)	Fiscal Year 2019-20 Actual (audited)	Fiscal Year 2020-21 Budget
Beginning Fund Balance	\$45	\$40*
Revenues	\$80	\$80
Expenditures	\$77	\$78
Inter-Fund Transfers	(\$6)	(\$3)
Surplus (Deficit)	(\$3)	(\$2)
Ending Fund Balance	\$42	\$39

*Beginning fund balance is estimated at time of budget completion, when audit was not finalized



Classroom View

Class size guidelines

- Grade K: 21
- Grades 1-2: 22
- Grades 3-4: 23
- Grades 5-8: 21

K-8 Enrollment **

4,613

Pupil/teacher ratio *

15:1

Teachers with Master's degrees *

75.2%

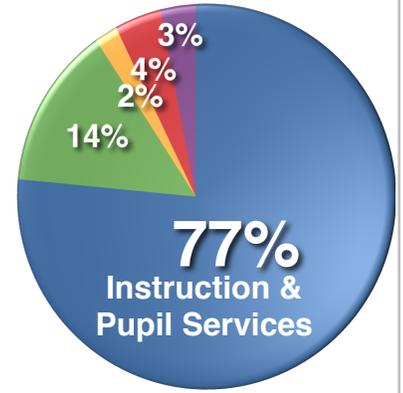
Attendance rate *

97%

* Source: 2019 State Report Card
 ** Source: 2019-20 ISBE Fall Housing Report

Spending where it counts: supporting student learning

To achieve our mission, District 64 typically focuses its resources where it counts — in the classroom for student instruction and to support students directly. In 2019-20, nearly 77% of our expenditures were channeled to instruction and pupil services.



● Administration & Business Services
 ● Operations & Maintenance
 ● Other ● Transportation

Recent investments in student learning are providing:

- Additional staffing and professional development in the Student Services department (English, language arts and social/emotional learning)
- Implementation of a differentiated, rigorous curriculum supported by technology.

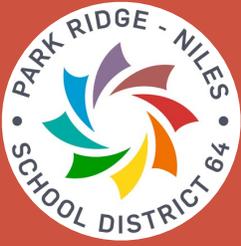
Enrollment is growing as pressure points emerge

District 64's overall enrollment has grown 8% in the last decade. The District is carefully monitoring the growing imbalance in enrollment between the two middle schools. The District tracks enrollments monthly and updates projections at least annually. The District utilizes a consultant to update the demographic trends and enrollment projections study to look at data across the District and building capacity in preparation for future facility planning.

	Carpenter	Field	Franklin	Roosevelt	Washington	Emerson	Lincoln	TOTAL
2010	353	658	452	639	619	774	741	4,236
2015	445	651	462	660	613	836	717	4,384
2020	450	673	561	685	651	872	721	4,613

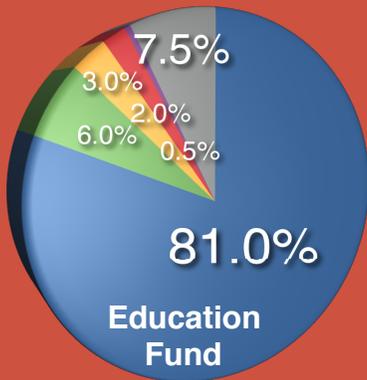
* Based on ISBE Fall Housing Report





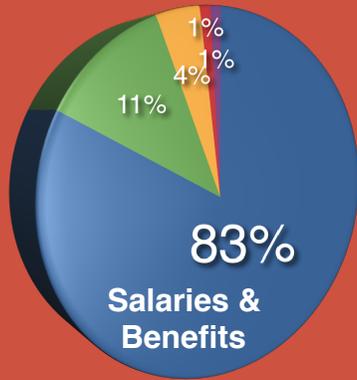
Operating Fund Expenditures by Fund

Education Fund spending accounts for 81% of all Operating Fund expenditures.



Operating Fund Expenditures by Object

Salaries and benefits together account for 83% of all Operating Fund expenditures.



Taking a closer look at expenditures

Spending reflects District 64's focus on classrooms

Based on District 64's commitment to invest resources in the classrooms to focus on students and instruction, it is no surprise that 81% of the District's spending is within the Education Fund. The fund provides the professional staff needed to maintain class size guidelines, provide a diverse elective program for students in grades 6-8 at both middle schools, offer special education services, and support efficient day-to-day operations.

Expenditures from other funds have their own specific purposes to:

- Provide safe, supportive learning environments for students and staff, and the maintenance of school buildings and grounds (Operations & Maintenance Fund)
- Transport students to and from school (Transportation Fund)
- Contribute the employer's share of Social Security and Illinois Municipal Retirement Fund benefits (Retirement Fund)
- Cover risk management and liability insurance costs (Tort Fund)



Strong fiscal management stretches dollars

The District maintains strong fiscal management practices, including:

- Salaries and benefits of all employees account for 83% of the District's Operating Fund expenditures. Teacher, teacher assistant, and support staff/custodian salaries and benefits are governed by collective bargaining agreements, negotiated periodically by the Board and union groups, which assists in long-term planning. All other salaries are reviewed and approved annually by the Board.
- The District participates in an insurance cooperative with other northern Illinois districts to obtain the best rates and premiums possible.
- A competitive process is followed for large budget items, such as facility improvements, bus transportation, food service, and telecommunications.
- Spend management practices include: locking in competitive rates with multi-year contracts for natural gas and electricity; outsourcing management of copy/print equipment to a third party; and, soliciting multiple quotes/bids for large supply orders, among other ongoing efforts.
- Monthly Board reviews of financial reports and accounts payable, along with periodic long-term analyses, to ensure transparency and ongoing accountability.

A look at operating expense per pupil

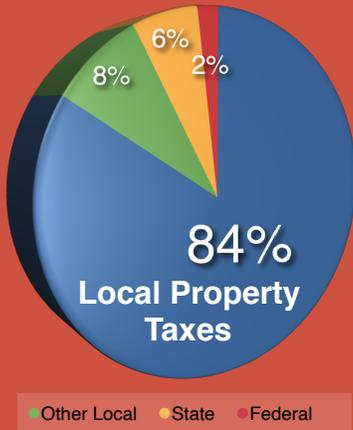
How much does it cost to educate a student for one year in District 64? Using the Illinois State Board of Education definition of operating expense per pupil, District 64 has invested the following amounts per pupil over the past five years:

FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
\$15,920	\$16,281	16,308	\$16,315	\$16,624



Operating Fund Revenues by Source

Local property taxes account for 84% of all Operating Fund income.



Duties of the Maine Township School Treasurer

The Maine Township School Treasurer handles the investments for District 64 and the other township school districts. By pooling funds, the Treasurer gets better rates of return for the group as a whole, while ensuring there is sufficient cash on hand to meet ongoing expenses. The District 64 Business Office reconciles its financial records to the Treasurer's Office monthly to verify that all cash and investments are being properly accounted for. The Treasurer's Office is governed by an elected body of Trustees, who appoint the Township School Treasurer. In 2019-20, the Treasurer achieved an average rate of return on District 64's cash/investments of 1.83%.

Taking a closer look at revenues

Local financial support is crucial

Revenues from local property taxes drive District 64's financial health, providing 84% of all revenue. District 64 operates under a tax cap, so the annual increase allowed in our property tax funding is limited by the annual growth in CPI-U plus an allowance for new construction. Over the past eight years, the CPI-U has ranged from 0.7% to 2.3%. The CPI-U for 2020 was 1.7%.

District 64 parents also provide substantial resources through annual student fees. Required student fees in 2019-20 covered approximately 29% of the expenditures for instructional resources and technology. The elementary and middle school fees have remained unchanged since 2009-10. A comprehensive review of 2019-20 student fees is available on [via this link](#).



Finally, interest income is small, but well-managed by the Maine Township School Treasurer (see sidebar).

Federal funding remains limited

A majority of District 64's federal funding comes in the form of grant reimbursements for special education programs (IDEA), other Title grants, and Medicaid, totaling \$2.1 million. Of this, the largest was the IDEA grant at \$1.5 million. District 64 used \$200,000 of federal Title I funding to support students at risk primarily by providing math, reading and writing tutoring after school at Field, Franklin and Emerson, and for intervention teachers at Field, Franklin and Emerson for students who qualified for this targeted assistance according to the grant guidelines.

Evidence-Based Funding

A majority of District 64's state and other federal funding comes in the form of grant reimbursements for special education programs and transportation. These reimbursements only cover a portion of District 64's actual expenses for these services. In 2017-18, the State of Illinois shifted to an Evidence-Based Funding (EBF) model for Illinois schools. The special education "categorical" grants (for certain personnel and services) were combined with general state aid to form new EBF payments. The formula is intended to funnel more money to districts with limited local resources and a higher population of lower income students. District 64 anticipates that state EBF payments will remain flat for the foreseeable future.

"Outside" grants sought wherever possible

District 64 consistently seeks "outside" money through grants to supplement what local taxpayers provide. In 2019-20, D64 received:

- a \$50,000 school maintenance grant;
- a \$20,000 Lincoln School swank grant;
- a \$50,000 federal e-rate grant.





District 64 Strategic Plan

Motto

Together we discover, learn,
grow and care.

Vision Statement

District 64 seeks to provide an engaging curriculum, rooted in rigor, exploration, and innovation, while cultivating interdependent relationships to positively impact the community and the world.

Mission Statement

To foster opportunities for
discovery

To engage in a quality
education that accelerates
learning

To develop skills and abilities
so that all can grow

To nurture interdependence,
appreciation of differences, and
care for self and others

Strategic Plan guides the future

“Together we discover, learn, grow and care”

Park Ridge-Niles School District 64 has a five-year Strategic Plan designed to guide many district decisions from 2021 to 2026.

The plan, approved April 1 by the Board of Education, was the result of more than six months of work involving a committee of parents, staff, administrators, community members and School Board members. In addition, district administrators met with a group of 7th and 8th graders to gain student feedback and input. The public was also involved via two surveys in March and November 2020.

This Strategic Plan has five goals and 30 objectives under those goals. The new motto, which was revised slightly from the previous strategic plan that ended in 2020, reads “Together we discover, learn, grow and care.”

The five goals were not placed in any particular order because the committee felt strongly that each goal was equally important. The goals are:

- Maximize Resources for Sustainability
- Strengthen Relationships and Communication
- Broaden Best Practices
- Enhance Diversity, Inclusion, Equity and Access
- Explore Program Expansion

Progress made on each of the goals will be tracked on the District 64 website, allowing the community to track the Strategic Plan’s implementation. Updates will also be presented to the Board of Education at the completion of each objective.

[Click here](#) to view the Strategic Plan.





Financial Indicators

ISBE Profile Rank: 4.0
District 64 maintained its perfect 4.0 score on the Illinois State Board of Education Profile. This is the 11th consecutive year receiving the highest possible score. Read more on the [Financial Profile page](#) of the website.

Bond Rating
The most recent rating by Moody's Investors Service ranked District 64 Aa2.

Accountability

Annual Audit
District 64's financial statements are audited annually by certified public accountants, and provided to the ISBE and Board of Education in late fall, as well as posted [on the website](#).

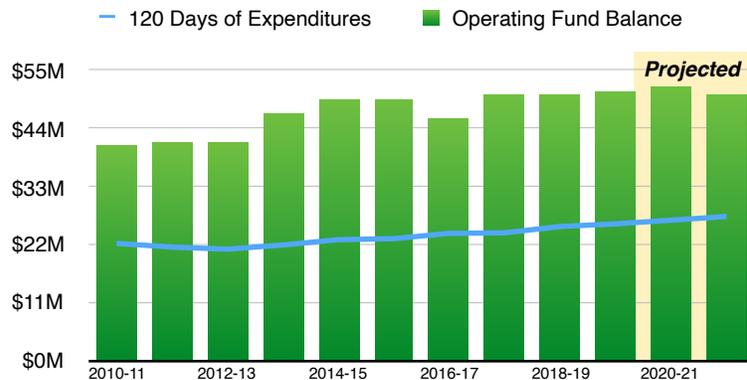
Financial Forecasts
District 64 prepares projections periodically to guide its planning and the Board's decision-making. The projections are presented at public Board meetings and are also available [on the website](#).

Planning for a sustainable future

Preserving a strong fund balance

As District 64 keeps a constant eye on the financial horizon, one of the key measures is its fund balance. A positive balance provides cash to maintain ongoing operations and establishes a reserve for unforeseen expenses. The District 64 Fund Balance Policy is to maintain 120 days (four months) of expenditures in its Operating Funds as measured at the close of each fiscal year on June 30.

Looking ahead, projections from September 2020 indicate that the District will successfully meet this policy through at least the 2022-23 fiscal year. The projections reflect new Consumer Price Index (CPI) amounts of 1.7% for tax levy year 2020, and assumes 2% going forward. The projections also include repayment of \$9.25 million in Debt Certificates over a 15-year repayment schedule from operating funds. A potential phase-in of pension obligations from the State to District 64 of .5% in 2019-20 increasing each year to 1.5% in 2021-22 is included. This scenario does not include a property tax freeze; District 64 has prepared alternative projections should the State legislature enact this provision.

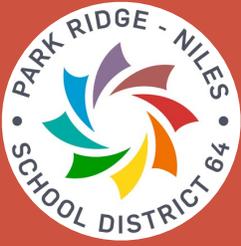


Maintaining facilities for students: today and tomorrow

District 64 has analyzed its facilities from top to bottom to complete a required 10-year Health Life Safety (HLS) study along with a Master Facilities Plan (MFP). Together, the two offer a comprehensive look at code requirements, the condition of our buildings, and changing educational needs.

[Facility projects completed thus far may be viewed on the website](#)





Parent University

District 64 sponsors evening education events through the year to help strengthen the home-school-community partnership.

Community members are invited to join us for these informative workshops that offer quick tips and strategies to help understand and guide your student's learning.

24/7 Availability!

Family discussion starters on key topics are available as video podcasts for viewing at home, too.

See the [Parent University page](#) of the District 64 website.



- [District 64](#)
- [Carpenter School](#)
- [Field School](#)
- [Franklin School](#)
- [Roosevelt School](#)
- [Washington School](#)
- [Emerson Middle School](#)
- [Lincoln Middle School](#)
- [Jefferson School](#)

Our vital partnership with families and the community

District 64 is fortunate to enjoy the strong support of its families through the extensive involvement of PTO/As at all schools. These unique, non-profit organizations raise funds to provide a wide range of enrichment programs for students, support teacher projects, and enhance the school environment by providing materials and equipment beyond what the District can provide. Recent efforts include helping to furnish 21st century flexible learning spaces, landscaping near school entries and play areas, replacing playground equipment, and adding technology resources.

District 64 also enjoys the strong support of several District-wide groups that benefit students and staff, including the Band & Orchestra Parents Association and the Choral Boosters.

See ELF grants at work in our schools

The District 64 [Elementary Learning Foundation](#) (ELF) supports innovative learning through an annual grant program, with total direct grants of more than \$790,000 to our teachers and schools over the past 15 years. Grants are announced each May for the coming year. Collaboration stations, social-emotional programming, stand-up desks, 21st century learning centers and broadcasting rooms are some of the improvements made possible by ELF grants.



District 64 invites you to stay connected with our schools

Here are a few of the ways community members can learn more about our schools:

- Visit the [District 64 website](#) for news and events at our schools, or follow blog posts from our Principals.
- Follow us on social media: Facebook (see links at left) and [Twitter @d64News](#) #engageD64.
- The annual Illinois School Report Card provides communities with information about public schools across Illinois. Reports for District 64 and each of our District 64 schools are now available [on our website](#); or, view state-wide at [illinoisreportcard.com](#).
- Drop by a Board of Education meeting conducted at your neighborhood school; or join us virtually via Zoom. Board meetings are available on video typically within a week.

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