

To: Board of Education
Dr. Eric Olson, Superintendent
From: Luann Kolstad, Chief School Business Official
Date: February 18, 2020
Subject: Update of Long-Range Financial Projections

As part of our annual financial cycle, once the Board has adopted the current year tax levy in December and the CPI-U for the next tax levy is released in mid-January, the administration brings to the Board updated long-term financial projections. These include a first pass at potential additional staff the District will need for the following school year (Attachment 1). The administration is bringing this version to the Board to provide an update on the CPI-U and to share with the Board the effect on the projections if we do need to hire the additional staff projected to meet class size guidelines.

Key Updates

In terms of revenue, the 2019 CPI-U is 2.3%, increasing slightly from 1.9% CPI-U in 2018. The 2019 CPI-U directly impacts funding during the 2020-21 and 2021-22 fiscal years.

On the expense side, since all labor contracts are set to be renegotiated, the current three labor contracts [Park Ridge Education Association (PREA), Park Ridge Teachers Assistant Association (PRTAA), and the Support Staff Council (SSC)] and any employees not covered by a collective bargaining agreement (CBA) have raises set at an average of 3.0 percent. The 3.0 percent mirrors very closely the average increases that the labor contracts have seen each year over the last four years. All labor contracts now have a CPI-U component built into them.

In terms of 2020-21 staffing needs, the administration has built the 7.5 potential additional teacher positions into the projections. These placeholders represent the 7.5 positions discussed during the staffing report.

Other Assumptions

The administration has budgeted future tax levies using a CPI-U of 2.0 percent and new construction has been estimated at \$8.9M for future years. Increases in the Equalized Assessed Valuation (EAV) of the District have also been set at 2.0 percent for future years. The administration continues to be very conservative with future new construction and EAV increases in future years.

While the projections are favorable, the District must remain vigilant in controlling costs and “living within our means” so the Board can continue to push off a rate increase referendum even further into the future.

2020-21 Financial Projections
Updated 2/18/2020 - Staffing Final 2019 CPI-U

TOTAL OPERATING FUNDS									Attachment 1
		Audited Actuals 2018-19		Projected Budget 2019-20		Projected Budget 2020-21		Projected Budget 2021-22	Projected Budget 2021-22
REVENUES:									
Education Fund		\$ 63,792,420		\$ 67,120,901		\$ 70,212,996		\$ 70,066,436	\$ 70,205,302
Operations & Maintenance Fund		6,067,581		6,546,232		6,234,742		7,409,577	8,036,078
Transportation Fund		4,046,306		2,981,022		2,763,046		3,021,186	4,113,599
IMRF Fund		994,097		884,554		669,019		733,029	947,996
Social Security Fund		1,234,541		1,027,300		1,188,636		1,258,762	1,086,970
Working Cash Fund		670,385		550,051		570,725		593,000	593,000
Tort Fund		479,819		315,492		350,009		354,224	562,933
TOTAL REVENUES		\$ 77,285,148	2.8%	\$ 79,425,552	3.2%	\$ 81,989,172		\$ 83,436,214	\$ 85,545,878
EXPENDITURES:									
Education Fund		\$ 63,082,219		\$ 65,926,227		\$ 68,260,460		\$ 70,370,625	\$ 72,276,517
Operations & Maintenance Fund		6,388,007		6,580,424		6,677,665		6,821,416	6,969,315
Transportation Fund		3,212,831		3,295,328		3,394,649		3,496,459	3,601,322
IMRF Fund		942,483		945,690		955,147		964,698	974,345
Social Security Fund		1,242,160		1,312,657		1,325,783		1,339,041	1,352,432
Working Cash Fund		-		-		-		-	-
Tort Fund		541,025		488,586		503,244		518,341	523,524
TOTAL EXPENDITURES		\$ 75,408,726	4.2%	\$ 78,548,911	3.3%	\$ 81,116,948		\$ 83,510,580	\$ 85,697,455
EXCESS (DEFICIT) FOR YEAR		\$ 1,876,422		\$ 876,641		\$ 872,224		\$ (74,366)	\$ (151,577)
Fund Transfers/Loans									
Other Financing Sources(Uses)		- 8,033,426		- 6,943,192		- 2,885,370		- 885,370	- 885,370
BALANCE, BEGINNING:		\$ 50,538,661		\$ 44,381,658		\$ 38,315,106		\$ 36,301,960	\$ 35,342,225
BALANCE, END-OF-YEAR		\$ 44,381,658	-13.7%	\$ 38,315,106	-5.3%	\$ 36,301,960		\$ 35,342,225	\$ 34,305,277
OPERATING FUND BALANCE:		58.85%		48.78%		44.75%		42.32%	40.03%
DAYS CASH ON HAND		215		178		163		154	146
BOARD POLICY: 120 DAYS CASH ON HAND, 33% FUND BALANCE									