

# **FINANCIAL OVERVIEW**

## **2020-2021 Tentative Budget**



September 22, 2020

**Board of Education  
Public Hearing &  
Regular Meeting**

Prepared by:

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## Introduction

The annual budget, as adopted by the Board of Education, sets the plan for accomplishing the financial goals of the District.

On August 11, 2020, the Board of Education will be presented with the 2020-21 Tentative Budget with a recommendation for review and a recommendation for approval at the regular Board of Education meeting on September 22, 2020. According to the Illinois School Code, the Board of Education is required to approve an annual budget by September 30<sup>th</sup> of each year.

Lastly, the Budget is designed to:

- Meet all requirements imposed by Illinois law and applicable rules;
- Provide expending and taxing authority by the District;
- Satisfy a level of financial information provided to the community by state, local and federal governments.

## Budget Development

A combination of budgeting methods was used to was used in the creation of the budget:

- Incremental Budgeting
- Value Proposition Budgeting
- Zero-Based Budgeting

The Budget is built around what is needed, regardless of whether the Budget is higher or lower than the previous year.

Each account was analyzed and detailed expenditures were inputted into an account in order to develop a sum for each account. The resulting sum has been inputted into Skyward, our financial software, and used to monitor expenditures.

The development of the Budget involved the following stakeholders:

- Assistant Superintendents;
- Directors and Department Heads;
- Principals and Building Administrators.

# Revenue and Expenditures

Most transactions incurred by the District will either be a revenue or expenditure that will be recorded in the appropriate account based on its purpose.

## Definitions

### Revenue

A transaction that represents the receipt of cash without creating a liability or canceling an asset.

#### Sources of Revenue

Property Taxes: Money received from within the District's boundaries through the tax levy process

Other Revenue: Additional sources of revenues that are not classified as Property Taxes or from state or federal sources

State Revenue: Receipts received from the State of Illinois that may be for specific purposes or not.

Federal Revenue: Receipts received from the federal government that may be for specific purposes or not.

### Expenditures

A transaction that usually represents the payment of cash or the establishment of an obligation.

#### Types of Expenditures

Salaries: Gross salary for personal services rendered while on the payroll of the district.

Benefits: Fringe benefits paid by the district on behalf of the employee.

Purchased Services: Amounts paid for personal services rendered by personnel who are not district employees, and other services that the district may purchase.

Supplies & Materials: Amount paid for material items of an expendable nature.

Capital Outlay: Amount paid for the acquisition of fixed assets or additions to fixed assets.

Other Objects: Amounts for goods and services not otherwise classified above.

Non-Capital Equipment: Items that would be classified as capital assets except that they cost less than the capitalization threshold adopted by the school board but more than \$500.

Termination Benefits: Limited solely to payments made to terminated or retiring employees as compensation for unused sick or vacation days.

### Tax Levy

The amount of the District's need for property taxes as certified by the Board of Education's annual levy resolution in December.

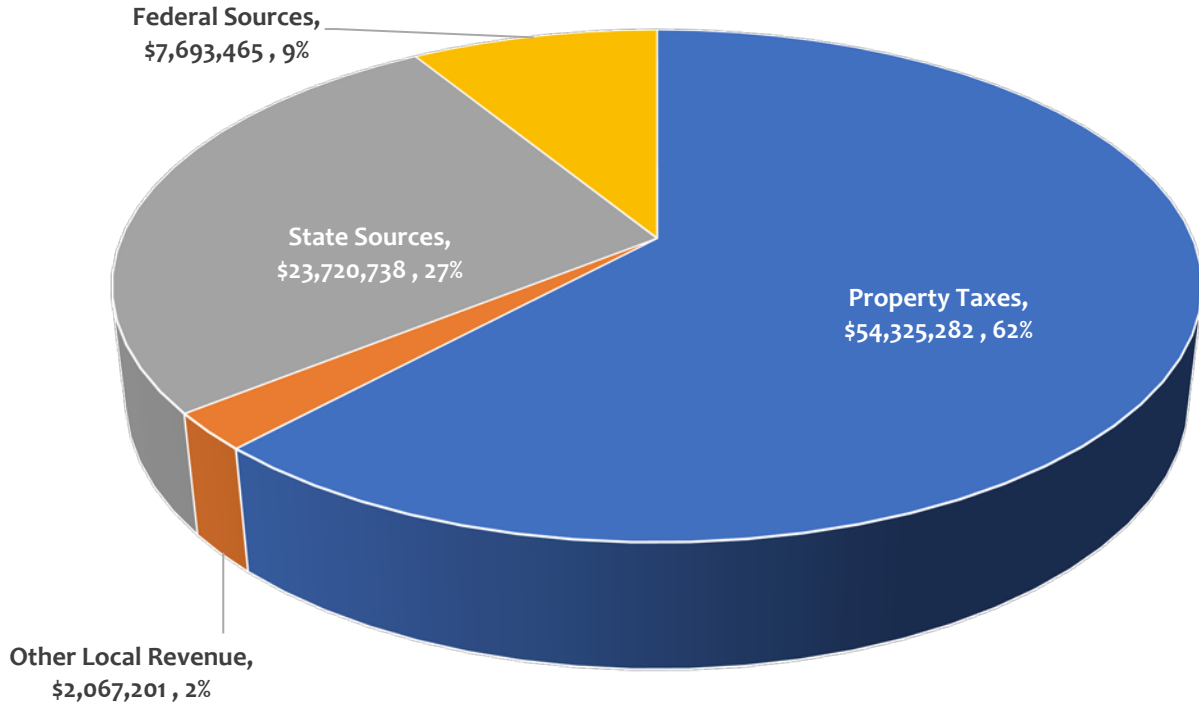
### Tax Extension

The process by which the County Clerk calculates the District's tax rate

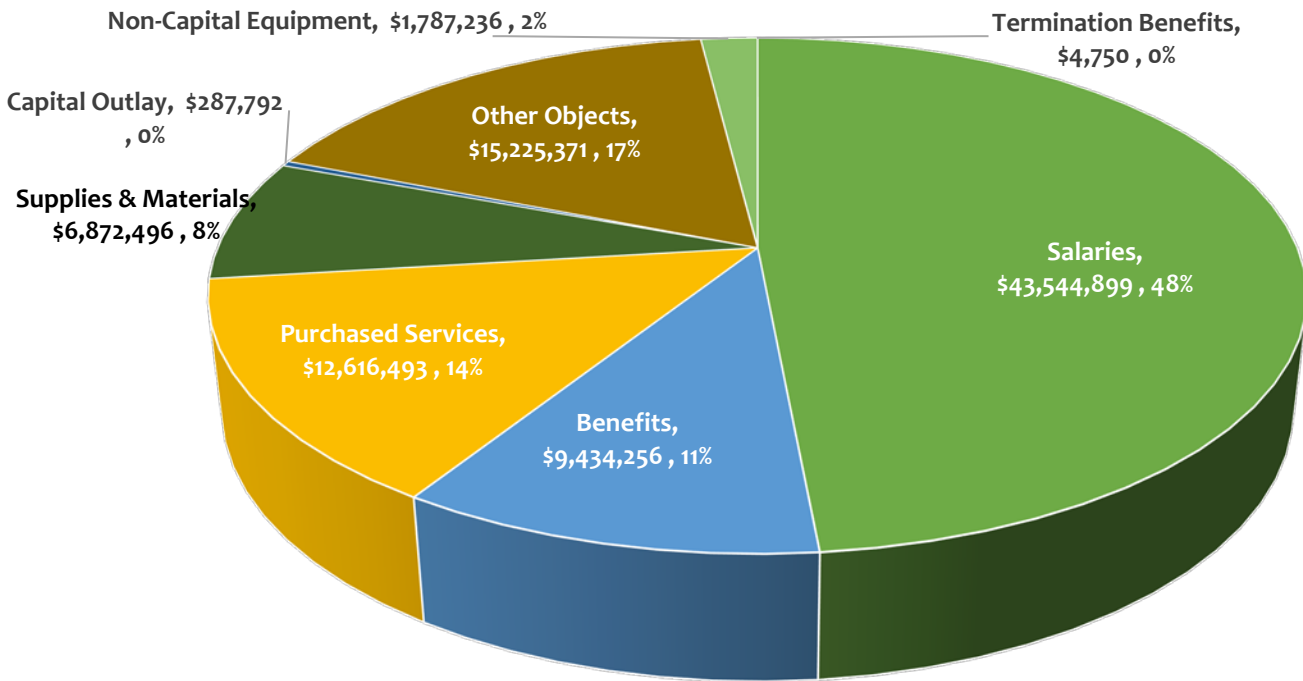
### Debt Limit

13.8% of the District's equalized assessed valuation (\$776,701,174). As of June 30, 2020, the District's statutory debt limit was approximately \$105 million with an outstanding bond principal of approximately \$46 million. This means that the District has the authority to sell an additional \$59 million in bonds.

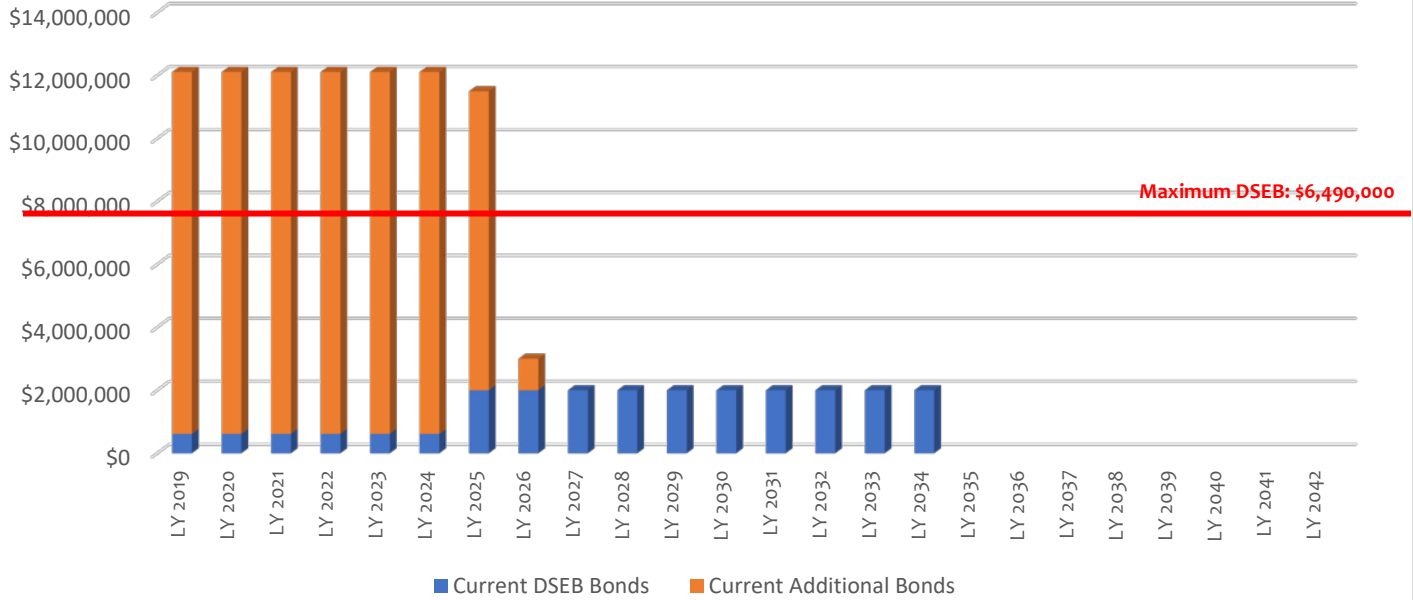
Revenue (\$87,806,686)



Expenditures (\$89,773,292)



## Summary of Current Debt



# Crete-Monee School District 201U

## Revenues & Expenditures: All Funds

<u>Revenues</u>	<u>2019 - 20</u> <u>Approved</u> <u>Revenue</u> <u>Budget</u>	<u>2019-20</u> <u>Unaudited</u> <u>Revenue</u>	<u>2020 - 21</u> <u>Tentative</u> <u>Revenue</u> <u>Budget</u> <u>(Worse Case)</u>	<u>2020 - 21</u> <u>Tentative</u> <u>Revenue</u> <u>Budget</u> <u>(Prediction)</u>	<u>2021 - 22</u> <u>Tentative</u> <u>Revenue</u> <u>Budget</u>	<u>2022 - 23</u> <u>Tentative</u> <u>Revenue</u> <u>Budget</u>
Property Taxes	\$ 53,018,640	\$ 51,743,590	\$ 54,325,282	\$ 54,325,282	\$ 55,184,921	\$ 56,061,754
Other Local Revenue	\$ 2,811,406	\$ 2,863,803	\$ 2,067,201	\$ 2,067,201	\$ 2,067,201	\$ 2,067,201
Revenue from State Sources	\$ 23,151,906	\$ 23,851,169	\$ 23,720,738	\$ 23,720,738	\$ 24,759,738	\$ 26,010,688
Revenue from Federal Sources	\$ 5,707,691	\$ 3,908,863	\$ 7,693,465	\$ 7,693,465	\$ 6,213,249	\$ 6,223,546
<b>Total Revenue for All Funds</b>	<b>\$ 84,689,643</b>	<b>\$ 82,367,425</b>	<b>\$ 87,806,686</b>	<b>\$ 87,806,686</b>	<b>\$ 88,225,109</b>	<b>\$ 90,363,189</b>
<u>Expenditures</u>	<u>2019-20</u> <u>Approved</u> <u>Expenditure</u> <u>Budget</u>	<u>2019-20</u> <u>Unaudited</u> <u>Expenditures</u>	<u>2020-21</u> <u>Tentative</u> <u>Expenditure</u> <u>Budget</u>	<u>2020-21</u> <u>Tentative</u> <u>Expenditure</u> <u>Budget</u>	<u>2021-22</u> <u>Tentative</u> <u>Expenditure</u> <u>Budget</u>	<u>2022-23</u> <u>Tentative</u> <u>Expenditure</u> <u>Budget</u>
Salaries	\$ 41,636,383	\$ 41,230,078	\$ 43,544,899	\$ 43,294,899	\$ 44,555,897	\$ 45,831,483
Benefits	\$ 9,520,817	\$ 8,925,916	\$ 9,434,256	\$ 9,365,456	\$ 9,665,879	\$ 9,997,557
Purchased Services	\$ 12,160,437	\$ 10,354,078	\$ 12,616,493	\$ 11,715,161	\$ 12,396,131	\$ 12,645,992
Supplies & Materials	\$ 6,531,027	\$ 4,082,383	\$ 6,872,496	\$ 6,872,496	\$ 6,776,528	\$ 6,790,572
Capital Outlay	\$ 295,570	\$ 1,225,275	\$ 287,792	\$ 287,792	\$ 292,414	\$ 297,230
Other Objects (includes \$11.9 million debt service payment)	\$ 15,006,195	\$ 15,334,499	\$ 15,225,371	\$ 15,225,371	\$ 15,250,291	\$ 15,275,460
Non-Capital Equipment	\$ 906,642	\$ 567,597	\$ 1,787,236	\$ 1,787,236	\$ 998,255	\$ 967,183
Termination Benefits	\$ 5,000	\$ 10,699	\$ 4,750	\$ 4,750	\$ 4,750	\$ 4,750
<b>Total Revenue for All Funds</b>	<b>\$ 86,062,071</b>	<b>\$ 81,730,525</b>	<b>\$ 89,773,293</b>	<b>\$ 88,553,161</b>	<b>\$ 89,940,145</b>	<b>\$ 91,810,228</b>
<b>Excess/Deficit for All Funds</b>	<b>\$ (1,372,428)</b>	<b>\$ 636,900</b>	<b>\$ (1,966,607)</b>	<b>\$ (746,475)</b>	<b>\$ (1,715,036)</b>	<b>\$ (1,447,039)</b>

### 2020 - 21 Department of Business Goals

Provide our students with equitable, safe, and well-maintained facilities  
Prioritize our financial resources to meet our short and long-term goals

#### **Complete the Fiscal Year 2020 Audit by December 15, 2020**

According to the Illinois School Code, School Districts are required to submit their annual audit for the previous fiscal year by October 15th. However, School Districts may request a 60-day extension to December 15th. The request needs to come from the auditing firm.

The primary goal of the Department of Business & Operations is to complete the fiscal year 2020 audit by November 30, 2020. This will allow time to be presented to the Board of Education for its approval during the December meeting and submitted to the Illinois State Board of Education in a timely manner.

#### **Create new Financial Board Reports**

The Department of Business & Operations is in the processing of developing new financial reports that are easier to read and provides better data to the Board of Education and Community. The completion date for this goal is December 31, 2020.

#### **Develop end-of-the-month closing procedures**

The Department of Business & Operations is to develop consistent procedures in order to close the month. This will be an ongoing process that will conclude on June 30, 2021 with final procedures.

# Crete-Monee School District 201U

## Revenue & Expenditure Detail: All Funds

### 2020-21 Tentative Budget

#### Revenues - \$87,806,686

##### Revenue from Property Taxes

Estimated Spring 2021 property taxes using 2.3% CPI

##### Other Local Revenue

Reduce Registration Fees by 1/3 to assist the Community

Increased revenue from Community Eligibility Provision of the National School Lunch Program

##### Revenue from State Sources

Evidence-Based Funding at same level of 2019-20. No additional funding due to Tier 1 (-\$800,000)

##### Revenue from Federal Sources

Cares Act Grant - \$990,000

#### Expenditures (\$89,773,292)

##### Salaries

2020-21 CMEA and ACME Union Contract financial terms included

Board -approved 3% non-administrative, non-union salary increase

Board -approved 2.3% administrative, non-union salary increase

##### Benefits

Increased level due to increase in salaries

No increase in Health or Dental Benefits

##### Purchased Services

Year 2 of 4-Year Lease agreement for Teacher Laptops

##### Supplies & Materials

Increase in utilities at 5%

##### Capital Outlay

##### Other Objects

Bond and interest payment

##### Non-Capital Equipment

Chromebooks for 1st - 5th graders

Chromebooks for 6th graders

Chromebooks for 9th graders

#### Recommendations to Assist our Families and Communities

##### Participation in the Community Eligibility Provision (CEP) of the National School Breakfast and Lunch Program

The Community Eligibility Provision (CEP) is an alternative to collecting, approving, and verifying household eligibility applications for free and reduced price eligible students in high poverty local educational agencies (LEAs) for schools participating in the National School Lunch and School Breakfast Programs. All students enrolled in CEP schools are able to receive breakfast and lunch at no cost.

##### Reduce Registration Fees

Reduce Registration Fees by 1/3 in 2020-21, 2021-22, 2022,23 to eliminate Registration Fees

##### Sell approximately \$9,000,000 in Life/Safety Bonds and Restructure Current Debt

Sell \$9,000,000 in Life/Safety Bonds to complete the Life/Safety Projects from 2013 Life/Safety Surveys

Restructure our current debt to fit the Life/Safety bonds within our current annual debt payment

Balmoral Elementary School	\$23,700
Crete Elementary School	\$3,481,483
Coretta Scott King Magnet School	\$1,042,800
Monee Education Center	\$492,300
Early Learning Center	\$2,283,000
Talala Elementary School	\$1,216,500
Crete-Monee Middle School	\$8,760
Crete-Monee High School Lighting	\$400,000**
	\$8,948,543

\*\* The District would need to file an amendment with ISBE to have this project approved for Life-Safety Funds



**Crete-Monee School District 201-U**  
**General Obligation Limited Tax School Bonds, Series 2020A**  
**Taxable General Obligation School Refunding Bonds, Series 2020B**

**Schedule of Events**

As of 09/03/2020

<i>Role</i>	<i>Participant</i>	<i>Abbreviation</i>
Issuer	Crete-Monee School District 201-U	District
Bond & Disclosure Counsel	Chapman and Cutler LLP	CC
Financial Advisor	PMA Securities, LLC	PMA

October 2020						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November 2020						
Su	Mo	Tu	We	Th	Fr	Sa
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15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December 2020						
Su	Mo	Tu	We	Th	Fr	Sa
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13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

<b>Task</b>	<b>Date</b>	<b>Responsible Participant(s)</b>
<b>Board Meeting</b>	10/20/20	District
Board to Provide Direction		
Apply for rating	10/21/20	PMA
Distribute first draft of Preliminary Official Statement (POS)	10/21/20	PMA
Order calling for BINA (Bond Issue Notification Act) hearing forwarded to District	10/22/20	CC
President signs order calling for BINA hearing	10/23/20	District
Publish BINA notice in local paper	10/27/20	PMA
Rating/Due Diligence Call	10/28-10/29/20	All
Comments due on first draft of POS	10/30/20	All
Notify client about obtaining the surety bond	10/30/20	PMA
Parameters forwarded to Bond Counsel	10/30/20	PMA
Distribute second draft of POS	11/02/20	PMA
Parameters resolution forwarded to District for inclusion in Board packets	11/05/20	CC
Receive rating	11/06/20	---





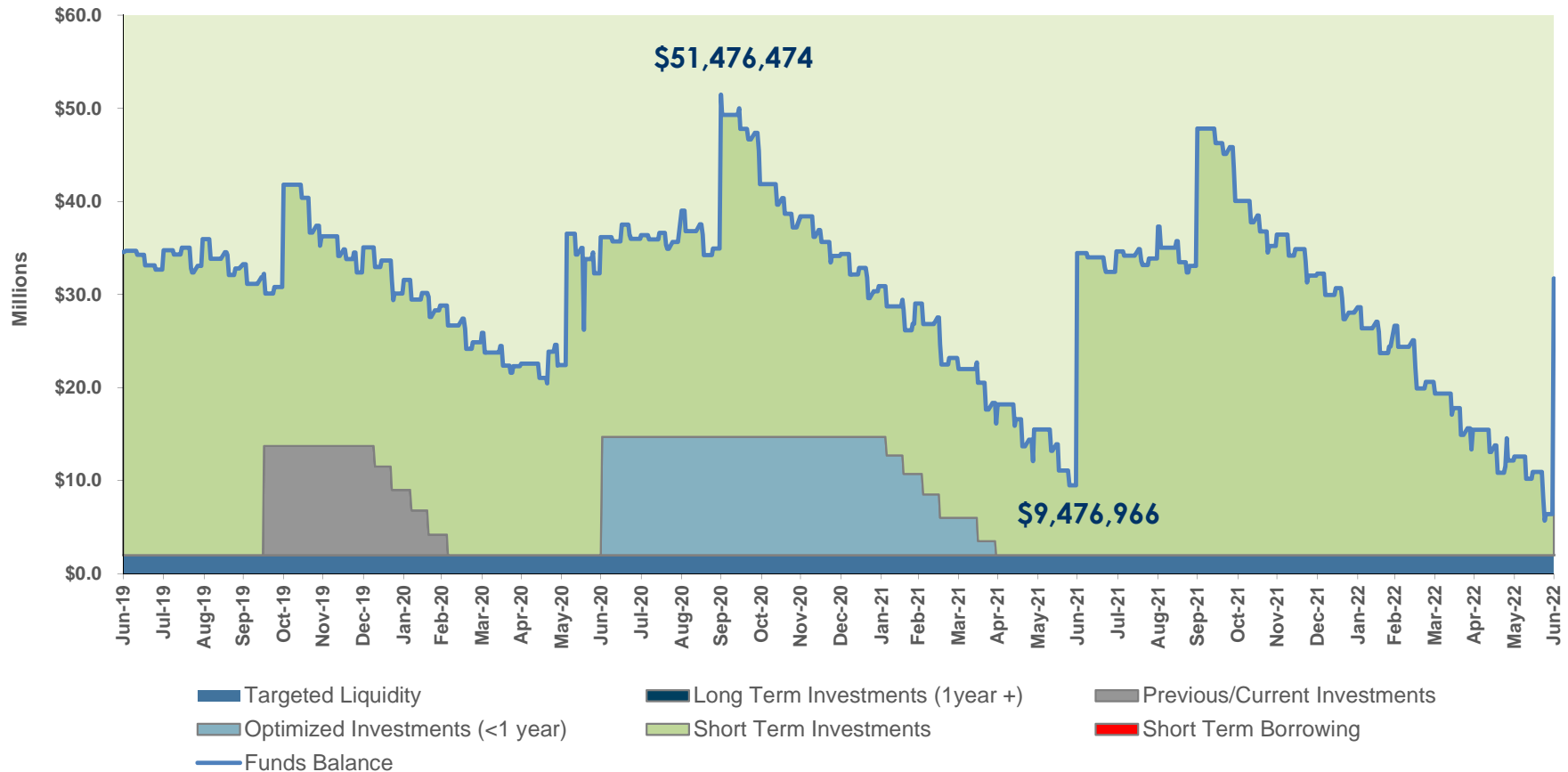
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Task	Date	Responsible Participant(s)
Comments due on second draft of POS	11/06/20	All
Deemed final letter signed and returned	11/09/20	District
Distribute POS	11/10/20	PMA
Order CUSIPs	11/10/20	PMA
Distribute draft of Bond Purchase Agreement (BPA)	11/10/20	CC
<b>Special Board Meeting</b>	11/10/20	District
Board holds BINA Hearing		
<b>Board Meeting</b>	11/17/20	District
Board adopts parameters resolution		
Pre-pricing	11/17/20	All
Pricing	11/18/20	All
Distribute Final Official Statement no later than	11/25/20	PMA
Closing	12/09/20	All

Total Funds Balance (excluding Capital Projects)



	FY 2020		FY 2021		FY 2022	
Max. Funds Balance (in \$ Millions) :	Oct-31-19	\$41.8	Sep-30-20	\$51.5	Sep-30-21	\$47.8
Min. Funds Balance (in \$ Millions) :	May-20-20	\$20.5	Jun-24-21	\$9.5	Jun-23-22	\$5.7
<b>LT on 06/30/19:</b>	<b>\$0</b>	<b>LT Proposed (Max):</b>	<b>\$0</b>	<b>Liquidity:</b>	<b>\$2,000,000</b>	