



**Addison** **4**  
School District  
ADDISON | ILLINOIS | SINCE 1842

## **Final Budget Executive Summary**

**For**

**Addison School District 4**

**Fiscal Year 2019**

Prepared by

Addison School District 4 Administration  
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Addison, Illinois 60101

630.458.2500

[www.asd4.org](http://www.asd4.org)

***The Addison School District 4 community . . .***

***Provides a safe, nurturing and innovative learning  
environment***

***Empowers all students to achieve success while  
embracing and celebrating individual differences;  
and***

***Develops life-long learners with a global perspective***

## **Addison School District 4**

### **Administrative Profile As of July 1, 2018**

#### **Board of Education**

President	Dave Williams
Vice President	Jim Towns
Secretary	Sergio Ruffolo
Member	Rudy Aranda
Member	John Daniels
Member	Jeremiah Lange
Member	Zack Frangidakis

#### **Central Office Administration**

Superintendent	John Langton
Assistant Superintendent for Administrative Services	Chuck Wartman
Assistant Superintendent for Business	Tim Keeley
Assistant Superintendent for Teaching and Learning	Donna Haney
Assistant Superintendent for Student Services	Lisa Black-Gomez
Director of Special Education	Keri Karpman
Director of Educational and Informational Technology	Kim Lohse

#### **Building Administration**

Indian Trail Junior High Principal	Craig Bennett
Indian Trail Junior High Assistant Principal	Karla Kelly
Indian Trail Junior High Assistant Principal	Kim Trubich
Dean of Students	Patrick Healy
Dean of Students	Chris Jamrose
Early Learning Center Principal	Erin Alexander
Ardmore Elementary Principal	Janet Diaz
Army Trail Elementary Principal	Rob Tucker
Fullerton Elementary Principal	Carrie Stange
Lake Park Elementary Principal	Dave Smogor
Lincoln Elementary Principal	Lina Guio
Stone Elementary Principal	Cristina Villalobos
Wesley Elementary School	Katie Purse

September 26, 2018

We are pleased to present you with the 2018/2019 Budget of Addison School District 4, Addison, Illinois. Our goal is that the readers are provided a clear understanding of the financial structure and budgeting process of the school district. To ensure transparency to the public, the budget document, along with other key financial documents will be uploaded onto the District website ([www.asd4.org/business](http://www.asd4.org/business)). The budget was developed over many months with input from staff, the administration, and the Budget Committee. The proposed budget reflects the conditions of the community and current legislation. Resources are been allocated to programs based on Federal and State guidelines as well as those identified by the Board of Education.

The 2018/2019 Budget, which is a fiscal year budget (July 1 to June 30) as required by Illinois Statute and Illinois School Code.

The purpose of the Budget is to increase student achievement through the implementation of Board Policy. The following financial objectives are maintained:

1. Reserves in the operating funds at a level not less than 50% of the year's operating budget. The operating budget is composed of the Educational, Operation and Maintenance, Transportation, IMRF/Social Security, and Working Cash funds.
2. Provide for staff and operating expenses to meet student needs.
3. Align resources with the Mission Statement of Addison School District 4.
4. Abandon programs and practices that do not move us toward our Mission.
5. Maintain safe and operationally-sound facilities.
6. Present a balanced budget.

We have gauged the financial status of the district on the health of the Operating Funds. The operating funds include all funds supporting the educational programs of the school district. Funds not reflected in the Operating Funds total are Debt Service Funds (Fund 30) and Capital Projects (Fund 60).

A summary of the budget, outlining the expenses and revenues anticipated in the coming fiscal year was reviewed by the Budget Committee. This data has been consolidated and is provided at the end of this document for your review.

### **Budget Process**

Although the school district does not have a specific policy governing budget development, a systematic approach has been used. Projecting revenues is the first step in the budget development process. Accurate revenue estimates are essential in order to allocate resources to the sites and programs. The Budget Committee then sets parameters for the development of the draft budget. Following the parameter identification, budget officers are asked to construct their respective budgets. The final budget is reviewed by the Business Office, the Superintendent and the Budget Committee. The Board of Education adopts a tentative budget in July and it is placed on display for a minimum of 30 days. The final budget must be adopted by the end of the first quarter in the fiscal year, or September 30 of each year.

# Financial Information Section

## Revenue

The majority of the district's revenue is from local property taxes. The district's total revenue budget for FY 2019 is \$53,172,390. Revenue allocations from local sources are projected at \$34,329,990 representing just over 64% of the district's total revenue net of bond proceeds. Under the Tax Cap, the district's tax extension from one year to the next cannot increase by more than the CPI or 5%, whichever is less, and exclusive of new construction and debt service. The 2017 tax extension resulted in an increase of 2.1% over the 2016 extension in capped funds. This is based on a CPI of 2.1%. The CPI for tax year 2018 is tentatively set at 2.1%. The actual extension will be limited to the CPI plus actual new construction. Property tax receipts are budgeted based on two different tax years, 2017 and 2018. The fall collection is based on previous year extensions, while the spring collection is based on the current year extension.

The state and federal revenue received by the district can be segregated into two categories – restricted and unrestricted. Restricted state and federal funds are applied for and are provided to the district based on legislative formulas and state allocations. Examples of these funds include Title I, Special Education, and Transportation. Unrestricted funds, namely Evidence Based Model Grant (formerly General State Aid), are unrestricted financial aid from the State, based on factors outlined earlier in this report.

### Local Revenue:

- Local revenue will increase 2.1% for both our fall and spring collections.
- Corporate Personal Property Real Estate Tax (CPPRT) is 7% less than FY18 actual revenues received.
- Interest revenue will increase based on the District's projected fund balance and the current market conditions.
- Fees and food service collections will remain at FY18 levels

### State Revenue:

- Evidence-Based Funding (Formerly referred to as *General State Aid*) will be in line with FY18 receipts as the district is held-harmless via the new funding formula.
- We are budgeting for just over \$300,000 in *Tier Funding*, which is another component of the new evidence-based funding formula.
- All other state grants will be prorated; we anticipate 3 out of 4 payments in the fiscal year.

### Federal Revenue:

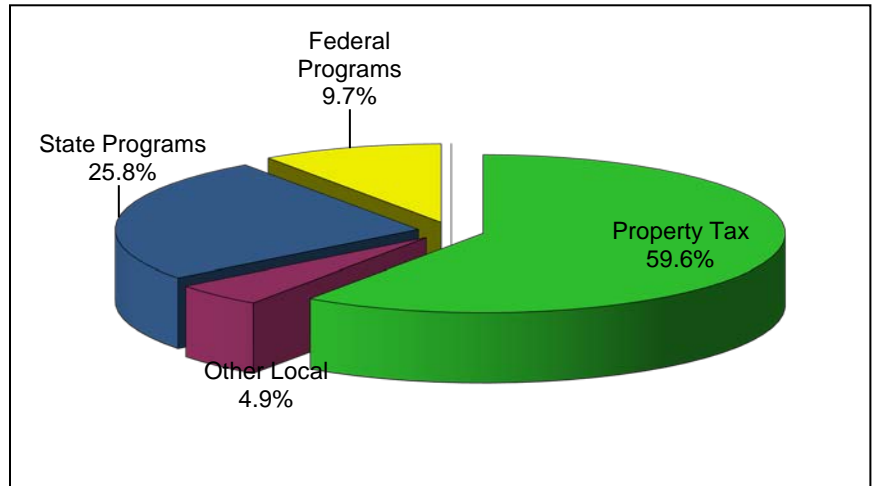
- Without any early allocations communicated, Title I and Title II are budgeted to be at FY18 budget figures.
- IDEA and Preschool IDEA will be at FY18 budget estimates.

## Summary of Revenue – All Funds

Operating Funds	FY 2018 Actual	FY 2019 Budget	Percent Change
Education Fund	\$ 41,215,958	\$ 39,262,008	-4.74%
Operations & Maintenance Fund	\$ 6,152,386	\$ 7,183,042	16.75%
Transportation Fund	\$ 3,406,256	\$ 2,583,042	-24.17%
IMRF/SS Fund	\$ 1,036,832	\$ 1,035,498	-2.10%
Working Cash Fund	\$ 56,673	\$ 56,653	2.89%
<b>Total Operating Funds</b>	<b>\$ 51,868,105</b>	<b>\$ 50,120,243</b>	<b>-0.13%</b>
Debt Service Fund	\$ 3,033,214	\$ 3,052,147	0.62%
Capital Project Funds	\$ -	\$ -	\$ -
<b>Total All Funds</b>	<b>\$ 54,901,319</b>	<b>\$ 53,172,390</b>	<b>-3.15%</b>

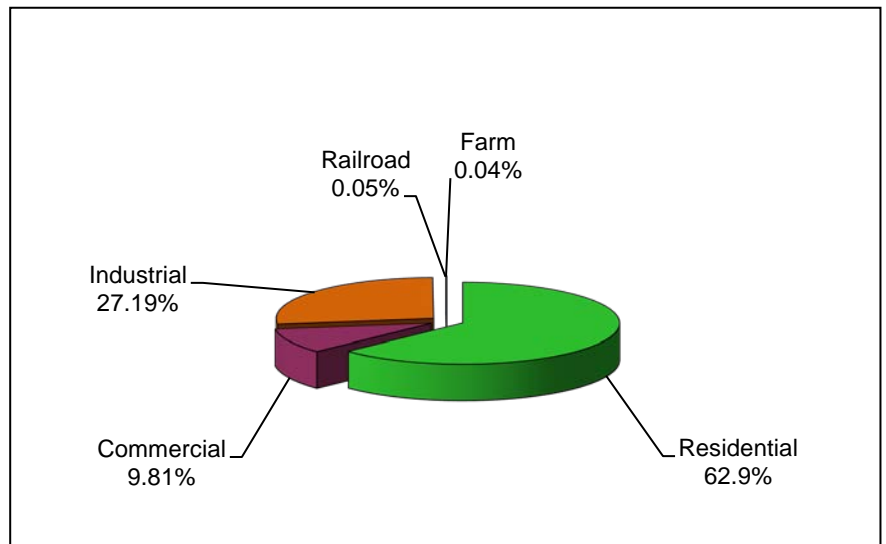
### District Percentages

Addison School District 4's primary source of revenue is from property taxes. Approximately 59.6% of the District's revenue is generated from this source.



### Property Tax Base

Addison School District 4 has the good fortune of a strong property tax base. The Equalized Assessed Valuation for the District has a good mix of property.



## Expenditures

### Salaries:

- Additional licensed staff are added in FY19 to support the 1:1 student technology initiative.
- Per the current collective bargaining agreement, the budget includes a 4.5% longevity increase for licensed staff. It also includes a rough estimate of educational advancement increases along with adjustments to instructional staffing levels in line with enrollment projections.
- All other staff costs reflect a moderate 2.5% increase.

### Benefits:

- We project the general cost of healthcare (premiums) to increase 6% over last year's level. The cost containment in this area in relation to previous years is the result of the District joining a health insurance consortium that includes over 100 other Illinois school districts.
- Federal mandated rates for FICA and Medicare are included.
- TRS rates for employer contributions for grant and non-grant funded positions are included. TRS rates for federal grant funded salaries are 9.85% and 1.50% for all others. The administration continues its efforts to reduce exposure to the federal grant funded salary premium rate.
- IMRF employer contribution rates are 7.33% for the remainder of the current calendar year and will reduce to 5.29% in calendar year 2019.

### Contractual Services:

- Contractual services for audit, property and casualty insurance, workers' compensation insurance, transportation, food service, custodial, and copier machines have been included in the budget for FY 2019.

### Bonds:

- Debt payments for the District have been included in the Debt Service Fund, along with associated fees.

### Building Budgets:

- Per pupil allocations will remain at FY18 levels. These funds are used for office and school supplies, materials, consumable products and publications.

### Departmental Budgets:

- Each budget manager is tasked with reviewing current year expenditures, contemplating future resource needs and incorporating all into a departmental budget.
- Meeting the needs of our Special Education and English Learners continues to be of utmost importance. Our budget reflects thoughtful planning on individualized programming in these areas.

- The original implementation plan for 1:1 student devices has been accelerated by a year, with the remaining hardware expenses taking place in FY19 as opposed to FY19 & FY20.
- Operations/Maintenance Fund – Funding for the maintenance and operational needs of the district will remain at FY19 levels. These valuable resources are allocated to facility maintenance and improvement, with guidance from the Buildings and Grounds Committee.
- Transportation Fund – We are projecting a 2% increase over current year expenses, collectively in regular education and special education transportation costs ~ both have been incorporated into the budget. Crossing guard services have also been included.
- Capital Projects Fund – In FY19, the District will embark on a multi-year capital improvement process to address facilities needs. Each summer during this process, our facilities will undergo renovations including, but not limited to: ceiling and floor replacement, upgrades to building alarm and communications systems, renovations of locker rooms, and replacement of classroom furniture.

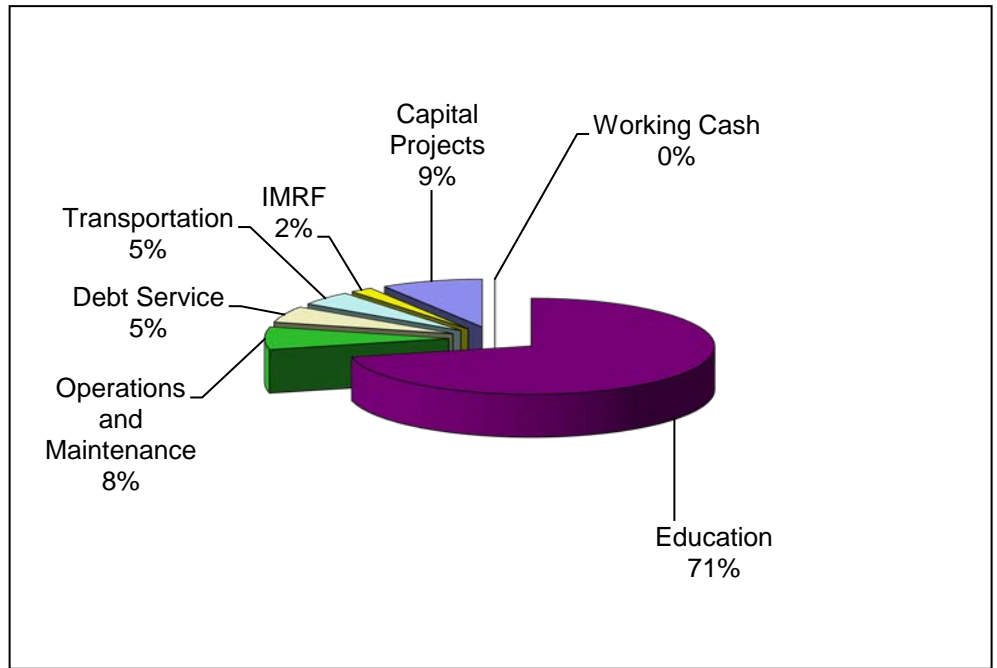
**Summary of Expenditure – All Funds**

<b>Operating Funds</b>	<b>FY18 Actual</b>	<b>FY19 Budget</b>	<b>Percent Change</b>
Education Fund	\$ 36,131,569	\$ 38,753,296	7.26%
Operations & Maintenance Fund	\$ 5,421,209	\$ 4,119,256	-24.02%
Transportation Fund	\$ 2,505,315	\$ 2,582,258	3.07%
IMRF/SS Fund	\$ 1,007,232	\$ 1,051,851	4.43%
Working Cash Fund	\$ -	\$ -	
<b>Total Operating Funds</b>	<b>\$ 45,065,325</b>	<b>\$ 46,506,661</b>	<b>3.20%</b>
Debt Service Fund	\$ 2,853,120	\$ 2,992,643	4.89%
Capital Project Fund	\$ -	\$ 4,826,000	
<b>Total All Funds</b>	<b>\$ 47,918,445</b>	<b>\$ 54,325,304</b>	<b>13.37%</b>



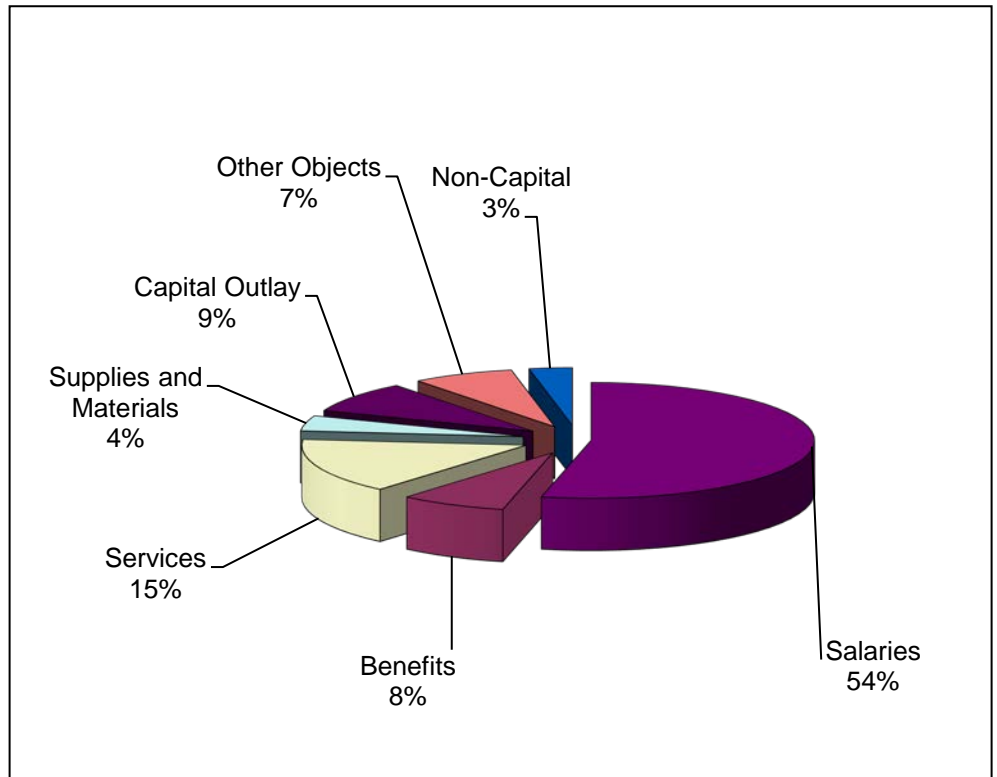
### Expenditures by Fund

The Education Fund is the District's largest fund. It contains 71% of all expenditures, which equates to approximately \$38,753,296. The next two largest funds are the Capital Projects and O/M Fund.



### Expenditures by Object

The majority of the budget is allocated to salaries, which accounts for 54% of all expenditures, or approximately \$29,049,723. Salary and Benefits together equal about 62% of the District's budgeted expenditures for FY2019. Contracted Services comprise the next largest investment in the coming Fiscal Year.



## Education Fund

The Education Fund is a major fund of Addison School District 4 and directly supports all of the educational programs. It accounts for 71% of the District's financial activity in the 2018-2019 fiscal year.

Revenues	Amount	Expenditures	Amount
Property Tax	24,953,040	Salaries	28,479,185
CPPRT	409,122	Benefits	3,147,532
Interest	400,000	Services	3,478,543
Other Local Revenue	968,850	Supplies and Materials	1,374,933
State Programs	7,384,258	Capital Outlay	-
Federal Programs	5,146,738	Other Object	992,800
		Non-Cap Equipment	1,280,303
Total Revenue	<u><u>39,262,008</u></u>	Total Expenditures	<u><u>38,753,296</u></u>
Fund Balance at 07/01/18*	26,835,931		
Net Gain (Loss)	508,712		
Projected Fund Balance at 06/30/19	<u><u>27,344,643</u></u>		

\*Unaudited

## Operations & Maintenance Fund

The Operations & Maintenance Fund is another major fund of Addison School District 4. It contains 8% of the District's financial activity in the 2018-19 fiscal year. The fund supports the daily operations of all of our facilities. Expenditure items include daily preventative maintenance, cleaning, repairs and utilities.

Revenues	Amount	Expenditures	Amount
Property Tax	2,001,169	Salaries	469,138
CPPRT	426,169	Benefits	51,818
Interest	30,000	Services	1,919,300
Other Local Revenue	160,000	Supplies and Materials	923,000
State Programs	4,565,704	Capital Outlay	350,000
Federal Programs	-	Other Object	1,000
		Non-Cap Equipment	405,000
Total Revenue	7,183,042	Total Expenditures	4,119,256
Fund Balance at 07/01/18*	7,189,147		
Net Gain (Loss)	3,063,786		
Projected Fund Balance at 06/30/19	10,252,933		

\*Unaudited

## Debt Service Fund

The Debt Service Fund allocates revenue and expenditures to handle the District's debt. The debt is usually in the form of principal and interest payments for prior bond issuances. The bonds are in the form of capital improvement and/or building bonds. The district currently has 3 outstanding bonds.

Revenues	Amount	Expenditures	Amount
Property Tax	3,017,147	Salaries	-
CPPRT	-	Benefits	-
Interest	35,000	Services	1,825.00
Other Local Revenue	-	Supplies and Materials	-
State Programs	-	Capital Outlay	-
Federal Programs	-	Other Object	2,990,818
Total Revenue	3,052,147	Total Expenditures	2,992,643
Fund Balance at 07/01/18*	1,837,069		
Net Gain (Loss)	59,504		
Projected Fund Balance at 06/30/19	1,896,573		

\*Unaudited

## Transportation Fund

The Transportation Fund supports the student transportation program. Revenue for this fund is received via property taxes, local fees and state aid for transportation. This year's budget includes our contracted services, general administration of the program, bus supervision stipends and crossing guards.

Revenues	Amount	Expenditures	Amount
Property Tax	941,378	Salaries	101,400
CPPRT	-	Benefits	15858
Interest	10,000	Services	2,459,500
Other Local Revenue	120,000	Supplies and Materials	5,500
State Programs	1,511,664	Capital Outlay	-
Federal Programs	-	Other Object	-
		Non-Cap Equipment	-
Total Revenue	2,583,042	Total Expenditures	2,582,258
Fund Balance at 07/01/18*	4,299,670		
Net Gain (Loss)	784		
Projected Fund Balance at 06/30/19	4,300,454		

\*Unaudited

## IMRF/Social Security Fund

The IMRF/Social Security Fund supports the pension program for non-licensed staff and mandated social security payments by the employer. This also includes Medicare.

Revenues	Amount	Expenditures	Amount
Property Tax	774,416	Salaries	-
CPPRT	17,046	Benefits	1,051,851
Interest	10,000	Services	-
Other Local Revenue	-	Supplies and Materials	-
State Programs	234,036	Capital Outlay	-
Federal Programs	-	Other Object	-
		Non-Cap Equipment	-
Total Revenue	1,035,498	Total Expenditures	1,051,851
Fund Balance at 07/01/18*		1,112,712	
Net Gain (Loss)		(16,353)	
Projected Fund Balance at 06/30/19		1,096,359	

\*Unaudited

## Capital Projects Fund

The Capital Projects Fund is used for financing major capital projects and will fund the District's long-range facility projects.

Revenues	Amount	Expenditures	Amount
Property Tax	-	Salaries	-
CPPRT	-	Benefits	-
Interest	-	Services	446,000
Other Local Revenue	-	Supplies and Materials	-
State Programs	-	Capital Outlay	4,380,000
Federal Programs	-	Other Object	-
		Non-Cap Equipment	-
Total Revenue	-	Total Expenditures	4,826,000

Fund Balance at 07/01/18*	8,332,387
Net Gain (Loss)	(4,826,000)
Projected Fund Balance at 06/30/19	3,506,387

\*Unaudited

## Working Cash Fund

The Working Cash Fund can be used for internal borrowing. Internal borrowing generally occurs as a result of our erratic/infrequent revenue stream, in correlation to the somewhat consistent expenditure needs of the district. This fund is used to regulate cash flow and acts as the District's "savings" account.

Revenues	Amount	Expenditures	Amount
Property Tax	55,653	Salaries	-
CPPRT	-	Benefits	-
Interest	1,000	Services	-
Other Local Revenue	-	Supplies and Materials	-
State Programs	-	Capital Outlay	-
Federal Programs	-	Other Object	-
		Non-Cap Equipment	-
Total Revenue	56,653	Total Expenditures	-
Fund Balance at 07/01/18*	5,708,393		
Net Gain (Loss)	56,653		
Projected Fund Balance at 06/30/19	5,765,046		

\*Unaudited



The District strives to maintain adequate reserves for future operating needs and unexpected expenditures or revenue shortfalls. The State Board of Education has established a 25% minimum fund balance guideline. This equates to approximately 90 days of operating funds for the school district. Due to erratic and pro-rated payments by the State of Illinois and the significant facility projects, the Board of Education seeks to maintain a greater fund balance in an effort to maintain cash flow at a level that does not require short-term borrowing from local financial institutions in order to make payroll and A/P as required.

### Summary of Fund Balances – All Funds

## Addison School District 4 Summary of Budget and Projected Fund Balance Fiscal Year 2018-2019

Funds	(Unaudited) Fund Balance 07/01/18	Projected Revenue	Transfers	Projected Expenditures	Surplus (Deficit)	Projected Fund Balance 6/30/19
Education	26,835,931	39,262,008	-	(38,753,296)	508,712	27,344,643
Operations & Maintenance	7,189,147	7,183,042	-	(4,119,256)	3,063,786	10,252,933
Transportation	4,299,670	2,583,042	-	(2,582,258)	784	4,300,454
I.M.R.F./Social Security	1,112,712	1,035,498	-	(1,051,851)	(16,353)	1,096,359
Working Cash	5,708,393	56,653	-	-	56,653	5,765,046
<b>Total Operating</b>	<b>45,145,853</b>	<b>50,120,243</b>	<b>-</b>	<b>(46,506,661)</b>	<b>3,613,582</b>	<b>48,759,435</b>
Debt Service	1,837,069	3,052,147	-	(2,992,643)	59,504	1,896,573
Capital Projects	8,332,387	-	-	(4,826,000)	(4,826,000)	3,506,387
<b>Total</b>	<b>55,315,309</b>	<b>53,172,390</b>	<b>-</b>	<b>(54,325,304)</b>	<b>(1,152,914)</b>	<b>54,162,395</b>