

ILLINOIS ASBO ETHICS STATEMENT

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- This presentation is to be informative and not to promote specific products, services, companies, etc.
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Budgeting Basics

Introductions

Tim Gavin, CSBO - Moderator

- *Chief School Business Official, East Prairie School District 73*



Tina Ewanio, CSBO - Speaker

- *Director of Business Services, Golf SD 67*



Erin Majchrowski, CSBO - Speaker

- *Director of Business Services, Morton Grove SD 70*



Jordi Camps, CSBO - Speaker

- *Assistant Superintendent of Business Services, East Maine SD 63*

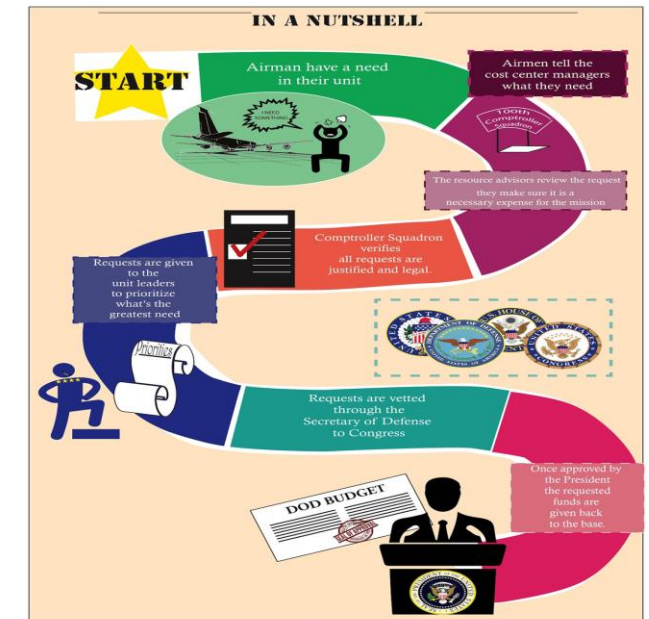


Agenda

1. District Snapshot (All)
2. Timeline for Completing the Budget (Tina)
3. Collaborative Process (Jordi)
4. Budgeting for Revenues (Tina)
5. Budgeting for Expenditures (Erin)
6. Budgeting for Transfers (Tina)
7. Illinois Budget Form (Erin)
8. How do you know the budget is right (Jordi)



THE DOD BUDGET PROCESS

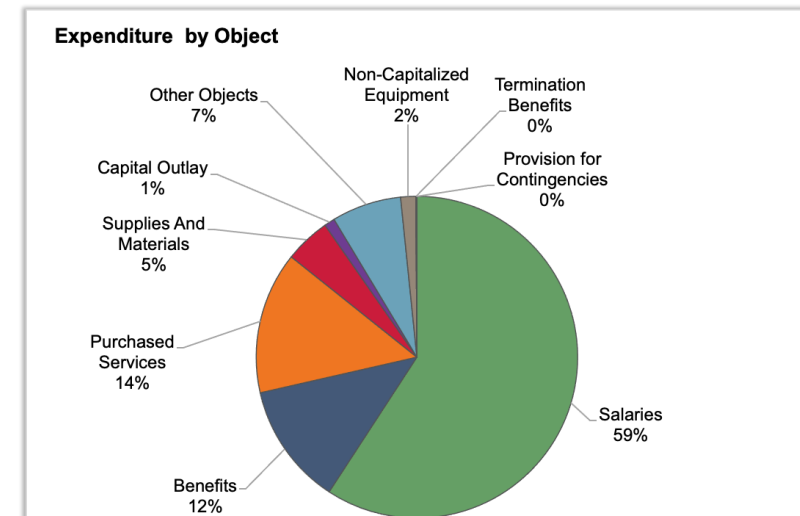
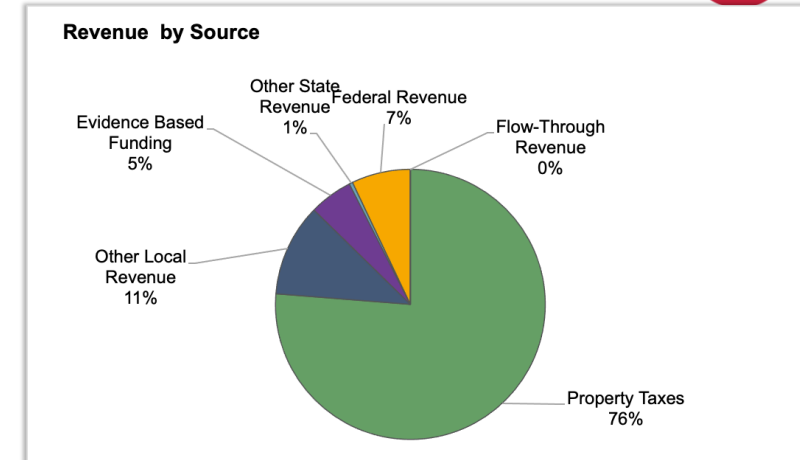


2022 ANNUAL
CONFERENCE

Golf School District 67



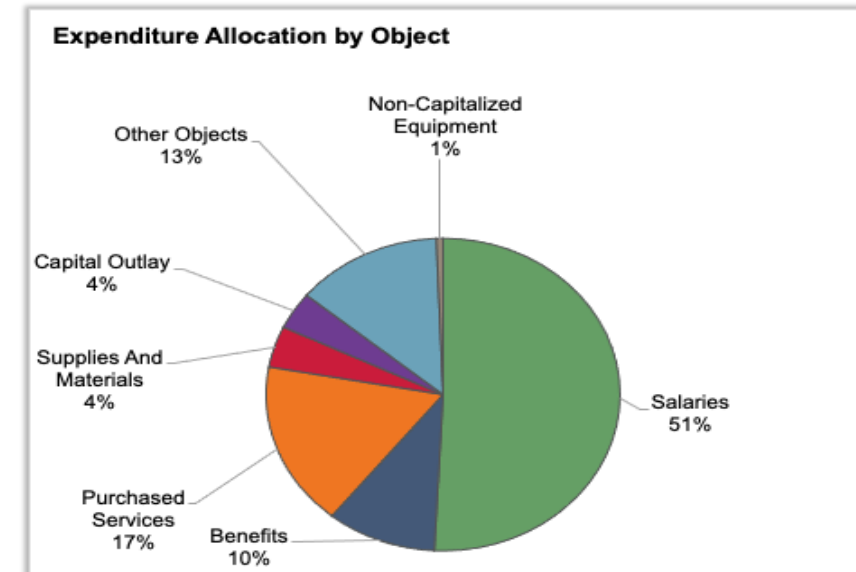
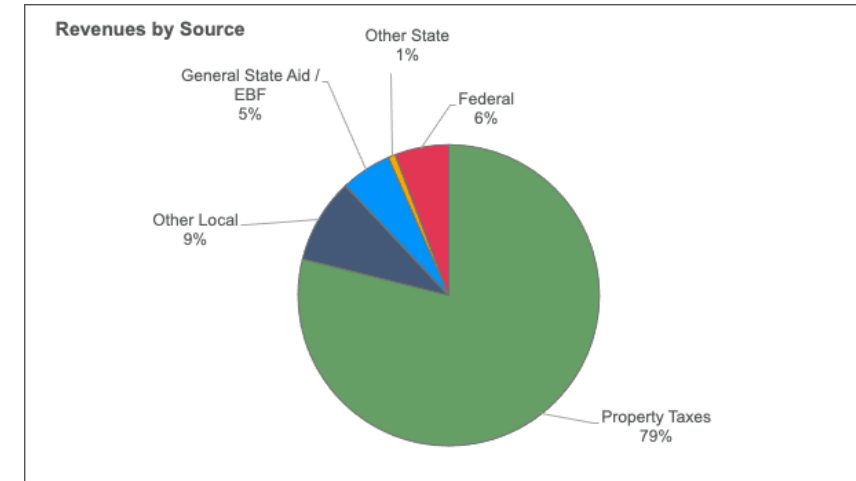
- **Two School District in Cook County**
 - Hynes Elementary: Pre-K - 4th grade
 - Golf Middle School: 5th - 8th grade
- **703 students**
- **32% Low Income**
- **95 staff members**
- **\$12.75 million budget with close to 80% fund balance**
- **87% local funding, 6% state funding, 7% federal funding**



Morton Grove School District 70



- One School District in Cook County
- Approximately 900 students from Pre-K - 8th grade
- 26% low income
- 107 staff members
- \$15 million budget with over 100% fund balance
- 88% local funding, 6% state funding, 6% federal funding

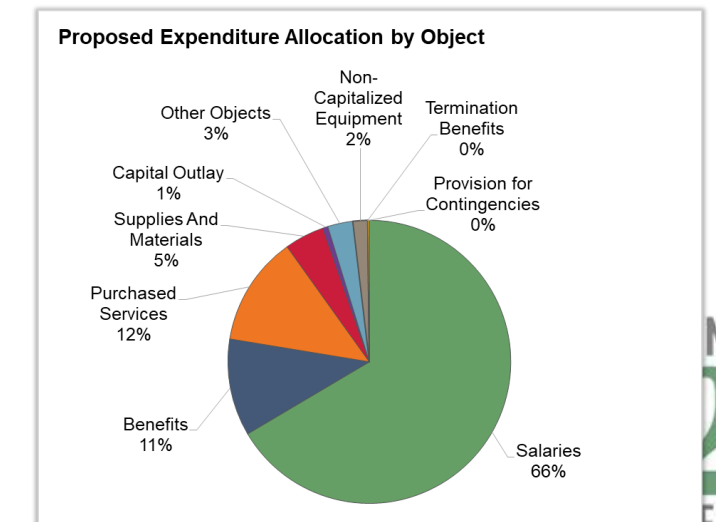
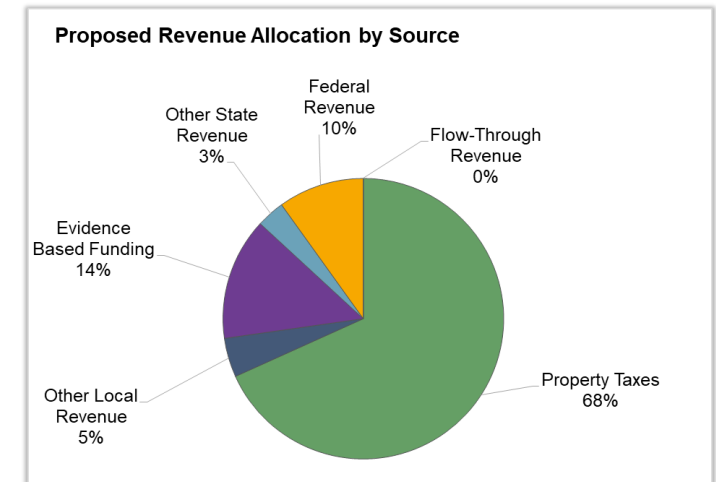


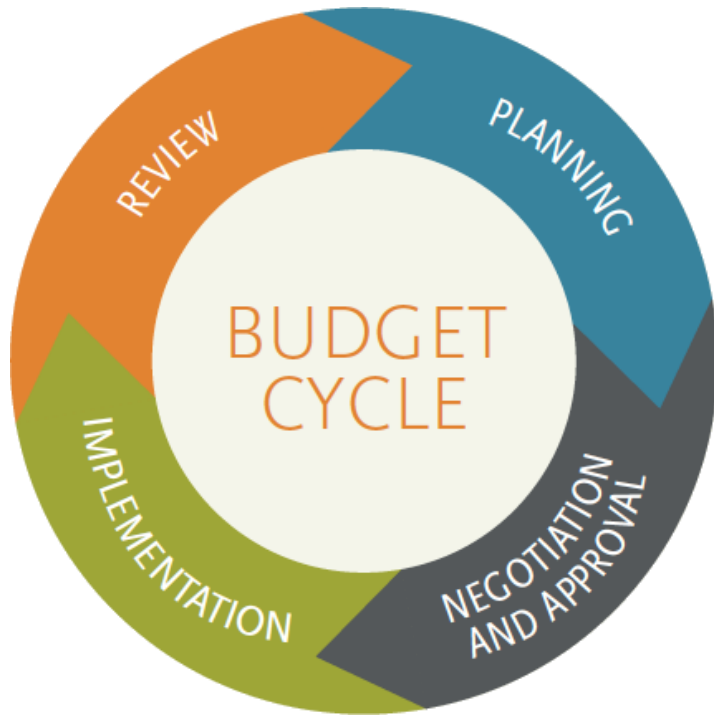
East Maine SD 63



EAST MAINE
SCHOOL DISTRICT 63

- **Seven School District in Cook County**
 - **Five Elementary Schools (K-5)**
 - **One Middle School (6-8)**
 - **One Pre-K Center**
- **3500 students**
- **51% Free/Reduced**
- **Just under 500 staff members**
- **\$57 million expenditure budget with about 120% fund balance**
- **78% local funding, 16% state funding, 6% federal funding**





Budget Timeline

Fall: (start planning)

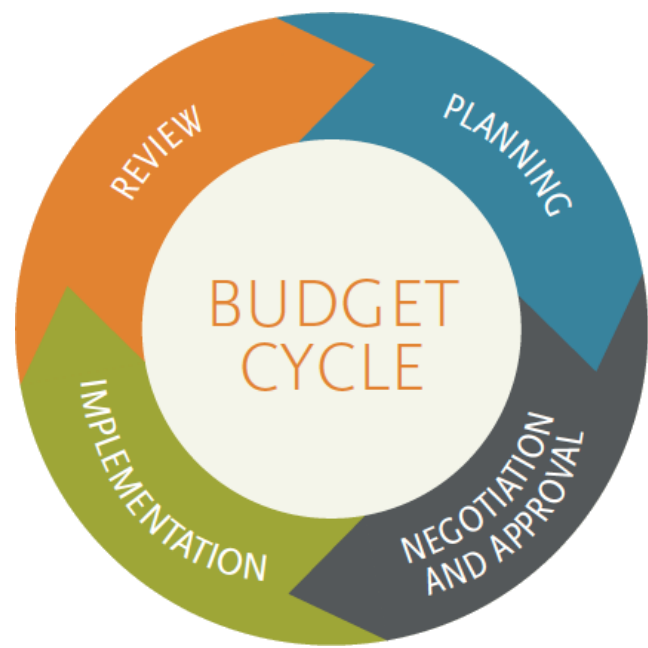
- Project enrollments & teaching staff
- Develop revenue estimates for the following year (file Levy by last Tuesday in December)

Fall/Winter:

- Review plans for new programs
- Develop allocations for instructional supplies
- Consider priorities/major purchases and projects

Winter:

- Review teacher assignments and update staff budget
- Refine next year's revenue projections
- Compile total expenditures budget and compare with revenues
- Make decisions on major expenditures as bids are received.



Budget Timeline Continued

Spring:

- Make remaining decisions on instructional program changes and related budget items
- Adjust salary budget with staff numbers and contract negotiations
- Update revenues as tax rev and state rev become available
- Revise budget for updates and changes

Summer/Early Fall:

- Formal budget adoption with public hearing by Sept. 30th
 - must have tentative budget on display for 30 days prior, posted in paper
- File with county clerk and ISBE place on district website
- Begin fall budgeting activities for the next year



Budgeting needs to be a collaborative process

- **Strategic Plan?**
 - **Key initiatives**
- **Superintendent**
- **District Administrators**
- **Head of Departments (Technology, Buildings and Grounds, Teaching and Learning)**
- **School Principals and Assistant Principals**



Methodologies for building the budget

- Run rate approach
- Zero-Based Budgeting
- Hybrid approach
- How do you choose the approach / methodology?

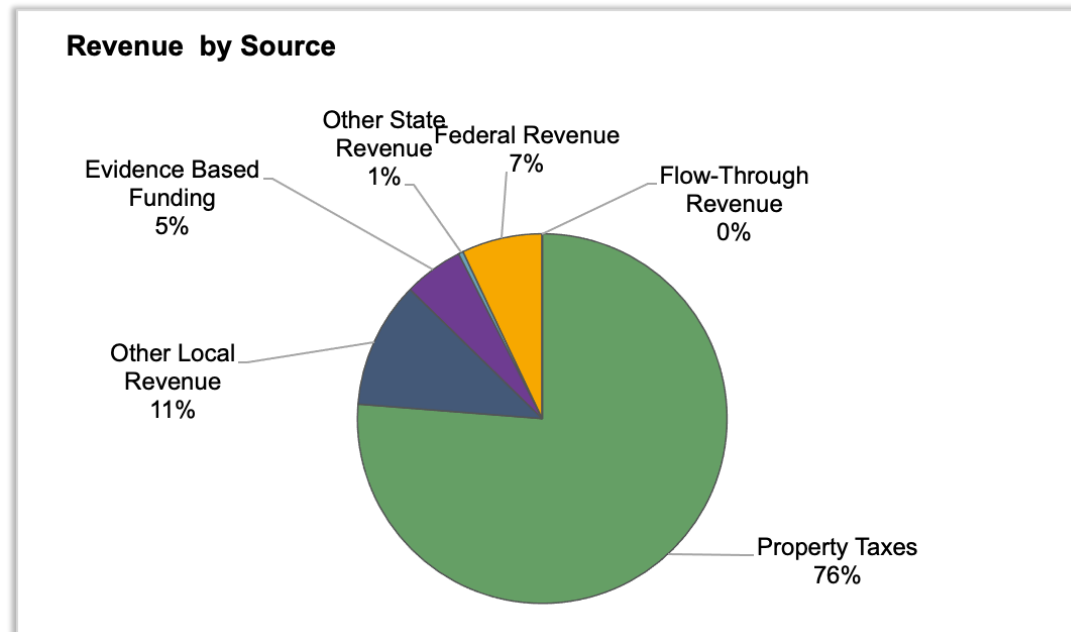


Budgeting for Revenues



Revenues by Source

- Local (1000)
- Flow-Through (2000)
- State (3000)
- Federal (4000)



Local Sources

- Property Taxes
 - Levy filed in December
 - Know what year the property tax funds (different depending on your county)
- Payments in Lieu of Taxes
 - Most common: Corporate Personal Property Replacement Taxes (CPPRT)
 - Amounts typically released: July/August
 - Found on the Illinois Department of Revenue website
 - Must put a portion in IMRF Fund
- Tuition
- Transportation Fees
- Earnings on Income



Local Sources Continued

- Food Service
- District/School Activity Fees
- Textbook Income (Registration Fees)
- Other:
 - rental fees
 - impact fees
 - services to other districts
 - payments from TIFS
 - refunds for prior year expenses

State Sources

- Evidence Based Funding Formula (EBF)
 - Based on tier funding
 - Tier 1 $<68.5\%$
 - Tier 2 $\geq 68.5\%$ and $< 90\%$
 - Tier 3 $\geq 90\%$ $<100\%$
 - Tier 4 $\geq 100\%$
- Categorical Aid
 - State Free Lunch & Breakfast
 - Transportation: Regular and Vocational
 - Transportation: Special Education

Federal Sources

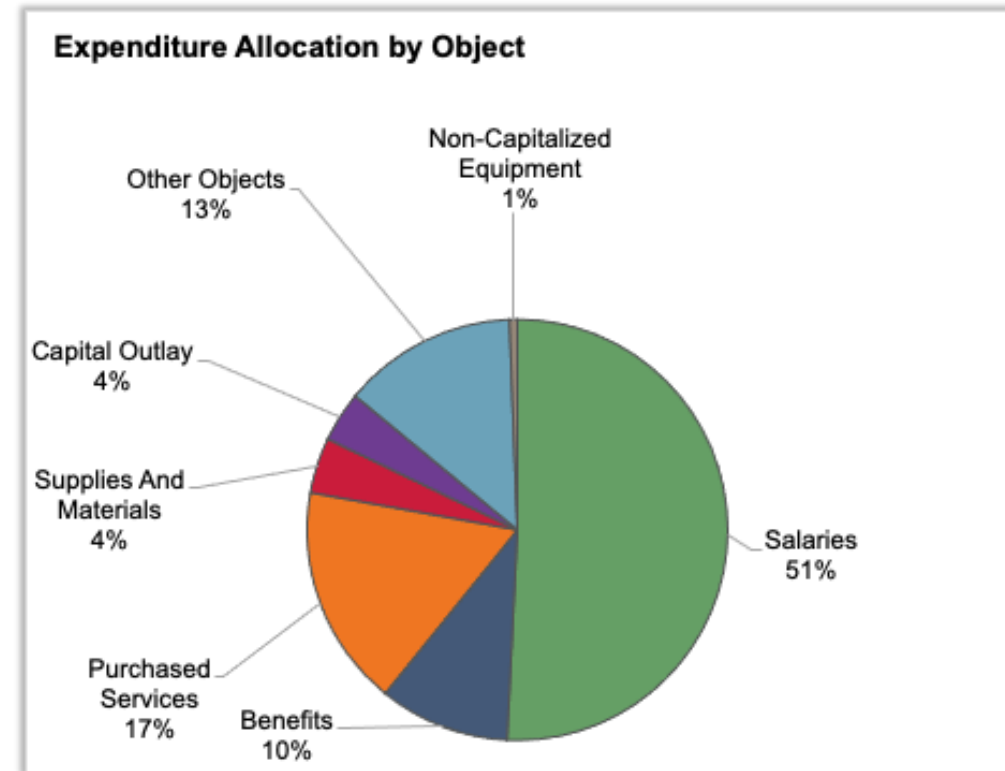
- National School Lunch Program
- Title Grants
- Special Education IDEA & IDEA preschool
- Elementary & Secondary School Emergency Relief Grants (ESSER)

Budgeting for Expenditures



Expenditure Objects

- Salaries (100)
- Benefits (200)
- Purchased Services (300)
- Supplies & Materials (400)
- Capital Outlay (500)
- Other Objects (600)
- Non-Capitalized Equipment (700)
- Termination Benefits (800)



Salaries & Benefits

- Typically the largest part of a district's budget
- Salary increases determined by collective bargaining agreement & contracts
 - Set % increase
 - Salary schedule
- Benefits - TRS, IMRF, SS, Medicare, life insurance, medical, dental & vision insurance, tuition reimbursement
- Benefits are typically a percentage of salary or set increase determined by insurance provider
- Estimate salary & benefits for new positions/replacement

Purchased Services

- Contracts with outside vendors
 - Food service, transportation, custodial service
- Conferences/Travel
- Property Services
- *Budget Advice - Increases provided from vendors or use multi-year averages*

Supplies

- Textbooks
- Paper/Pencils
- Technology
- Gas
- Electricity
- *Budget Advice - Multi-year averages for increases
 - Energy costs currently rising very fast (consider locking rates or ride it out? - Energy Consultant)*

Capital Outlay/Non-Capitalized Equipment

Capital Outlay (items over \$2,500 or a different threshold set in board policy/with auditors)

- Buildings & Building Improvements
- Capitalized Equipment
- Construction

Non-Capitalized Equipment (items between \$500-\$2,500 or a different threshold set in board policy/with auditors)

- Technology
- Building Equipment

- *Budget Advice - Long-term planning for technology and construction projects*

Contingency Budget

- Funds set aside to cover potential events that are not accounted for
- Transfer funds to correct accounts after money is spent
- Very helpful when budgeting during the pandemic

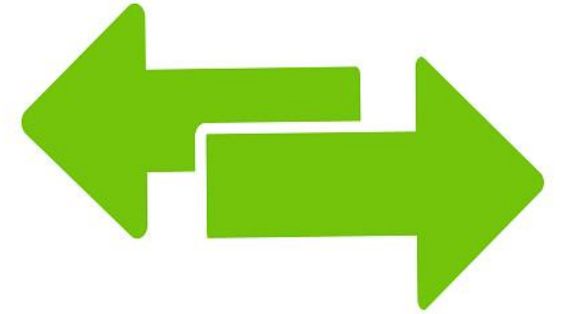


Budgeting for Fund Transfers



Budget Transfers

- Transfer for capital projects
- Transfer of interest into Fund 10 (from fund 20, 30, 40, 70)
- Transfer to pay for the lease of copiers
- Use of funds balance (From Fund 20 to Capital Project Fund)
- Uncommon examples: bond principal and interest payments for facility
 - Levy in fund 20, transfer to fund 30 and pay from fund 30



State Budget Form

<input type="checkbox"/> School District <input type="checkbox"/> Joint Agreement Accounting Basis: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual	ILLINOIS STATE BOARD OF EDUCATION School Business Services Division SCHOOL DISTRICT/JOINT AGREEMENT BUDGET FORM * July 1, 2021 - June 30, 2022	<div style="border: 1px solid black; padding: 5px; font-size: 0.8em;">To determine if the budget is balanced, complete all pages of the budget first.</div>																
Date of Amended Budget: _____ (MM/DD/YY)																		
District Name: _____																		
District RCDT No: _____																		
If your FY21 AFR states that you need to do a deficit reduction plan and your FY22 budget is balanced please state the measures you took to have your budget become balanced. (Bckgrnd-Assumpt 25-26)																		
Budget of _____, County of _____, State of Illinois, for the Fiscal Year beginning July 1, 2021 and ending June 30, 2022.																		
WHEREAS the Board of Education of _____, County of _____, State of Illinois, caused to be prepared in tentative form a budget, and the Secretary of this Board has made the same conveniently available to public inspection for at least thirty days prior to final action thereon;																		
AND WHEREAS a public hearing was held as to such budget on the _____ day of _____, 20 _____, notice of said hearing was given at least thirty days prior thereto as required by law, and all other legal requirements have been complied with;																		
NOW, THEREFORE, Be it resolved by the Board of Education of said district as follows:																		
Section 1: That the fiscal year of this school district be and the same hereby is fixed and declared to be beginning July 1, 2021 and ending June 30, 2022.																		
Section 2: That the following budget containing an estimate of amounts available in each Fund, separately, and expenditures from each be and the same is hereby adopted as the budget of this school district for said fiscal year.																		
ADOPTION OF BUDGET																		
The budget shall be approved and signed below by members of the School Board. Adopted this _____ day of _____, 20 _____, by a roll call vote of _____ Yeas, and _____ Nays, to wit:																		
** MEMBERS VOTING YEA:		** MEMBERS VOTING NAY:																
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<small>* Based on the 23 Illinois Administrative Code-Part 100 and Inconformity with Section 17-1 of the School Code. ** Type in the members who voted "YEA" nor "NAY". Actual school board member signatures are not required for electronic submission. (1) A certified copy of this document must be filed with the county clerk within 30 days of adoption as required by Section 18-50 of the Property Tax Code (31 ILCS 200/18-50). (2) Districts are required to submit the adopted/amended budget electronically to ISBE within 30 days of adoption or by October 30, whichever comes first. Budgets are submitted to School Finance Report (SFR): https://sac1.isbe.net/attachmrg/default.aspx. Please type the member signatures before submitting to ISBE. We do not accept PDF copies.</small>																		

State Budget Form Tabs

- Cover
- Budget Summary
- Cash Summary
- Revenues
- Expenditures
- Itemize
- Deficit Budget Summary
- Deficit Reduction Plan
- Administrative Cost Worksheet
- Vendor Contract Reporting
- Balancing

Tips for Completing the State Budget Form

- Accounting software should have the capability to populate the state budget form with your data
- Some data needs to be manually entered:
 - Dates & district information (cover tab)
 - Transfers (budget summary tab)
 - On-Behalf Payments (budget summary tab)
 - Estimated Beginning Fund Balance (budget summary tab)
 - Student Activity Estimated Beginning Fund Balance (budget summary tab)
 - Beginning Cash Balance on Hand (cash summary tab)
 - Activity Funds Beginning Cash Balance on Hand (cash summary tab)
 - Itemizations as requested for “other” accounts (itemize tab)
 - Vendor Contracts (intended to generate revenue for the district in excess of \$1,000)

Tips for Completing the State Budget Form

- Review Deficit Budget Summary
- Confirm your administrative costs don't exceed 5% from the prior year to the current year
- Review balancing tab to confirm there are no errors
- Budget must be approved by the Board of Education by September 30th and submitted to ISBE & County Clerk (online) within 30 days of adoption

CHECK FOR ERRORS
This worksheet checks various cells to assure that selected items are in balance.
Out-of-balance conditions are accompanied by an error message.
Errors must be corrected before the budget is finalized and submitted to ISBE.

Budget Item References	Message
Is Deficit Reduction Plan Required? (Joint Agreements do not complete a deficit reduction plan.)	Congratulations! You have a balanced budget.
If required, Is Deficit Reduction Plan Completed (Page: DefReductPlan 23-27)?	
1. Cover Page - "School District or Joint Agreement" and "CASH or ACCRUAL"	
Check School District or Joint Agreement.	School District
Check one type of accounting basis used on the cover sheet.	CASH
2. Budget Summary: Other Sources (Page BudgetSum 2-3 - Act 7000), must equal Other Uses (BudgetSum 2-3 - Act 8000)	
Estimated Beginning Fund Balance July 1, 2021 for all Funds (Cells C3 - K3)	(Line must have a number or zero. Do not leave blank.)
Estimated Activity Fund Beginning Fund Balance July 1, 2021 (Cell C83)	(Cell must have a number or zero. Do not leave blank.)
Transfer Among Funds (Funds 10, 20, 40 - Act 7130 - Cells C29, D29, F29), must equal (Funds 10, 20 & 40 - Act 8130 - Cells C32, D32, F32)	OK
Transfer of Interest (Funds 10 thru 90 - Act 7140 - Cells C30-K30), must equal (Funds 10 thru 60 & 80 - Act 8140 - Cells C33-H33, I33)	OK
Transfer to Debt Service to Pay Principal on Capital Leases (Fund 30 - Act 7400 - Cell E39) must equal (Funds 10, 20 & 60 - Act 8400 Cells C37-H60)	OK
Transfer to Debt Service to Pay Interest on Capital Leases (Fund 30 - Act 7500 - Cell E40) must equal (Funds 10, 20 & 60 - Act 8500 - Cells C37-H60)	OK
Transfer to Debt Service Fund to Pay Principal on Revenue Bonds (Fund 30 - Act 7600 - Cell E41) must equal (Funds 10 & 20 - Act 8600 - Cells C35-D35)	OK
Transfer to Debt Service to Pay Interest on Revenue Bonds (Fund 30 - Act 7700 - Cell E42) must equal (Funds 10 & 20 - Act 8700 - Cells C36-D36)	OK
Transfer to Capital Projects Fund (Fund 60 - Act 7800 - Cell H43) must equal (Fund 10 & 30, Act 8800 - Cells C39-D39)	OK
3. Summary of Cash Transactions: Beginning Cash Balance on Hand July 1, 2021, (CashSum 4, All Funds), cannot be negative.	
Educational (Fund 10 - Cell C3)	OK
Operations & Maintenance (Fund 20 - Cell D3)	OK
Debt Service (Fund 30 - Cell E3)	OK
Transportation (Fund 40 - Cell F3)	OK
Municipal Retirement/Social Security (Fund 50 - Cell G3)	OK
Capital Projects (Fund 60 - Cell H3)	OK
Working Cash (Fund 70 - Cell I3)	OK
Tort (Fund 80 - Cell J3)	OK
Fire Prevention & Safety (Fund 90 - Cell K3)	OK
Activity Funds (Cell C23)	OK
4. Summary of Cash Transactions: Ending Cash Balance on Hand June 30, 2022, (Page CashSum 4 - All Funds), cannot be negative.	
Educational (Fund 10 - Cell C23)	OK
Operations & Maintenance (Fund 20 - Cell D23)	OK
Debt Service (Fund 30 - Cell E23)	OK
Transportation (Fund 40 - Cell F23)	OK
Municipal Retirement/Social Security (Fund 50 - Cell G23)	OK
Capital Projects (Fund 60 - Cell H23)	OK
Working Cash (Fund 70 - Cell I23)	OK
Tort (Fund 80 - Cell J23)	OK
Fire Prevention & Safety (Fund 90 - Cell K23)	OK
5. Summary of Cash Transactions: Other Receipts, (Page CashSum 4), must equal Other Disbursements, (Page CashSum 4).	
Interfund Loans Payable (Funds 10-60, 80, 90 - Act 411 - Cells C8-H6, J6-K6) must equal Interfund Loans Receivable (Funds 10-20, 40, 70 - Act 141 - Cells C15-D15, F15, I15)	OK
Interfund Loans Receivable (Funds 10, 20, 40 & 70 - Act 141 - Cells C9-D9, F9, I9) must equal Interfund Loans Payable (Funds 10-60, 80, 90 - Act 411 - Cells C16-H16, J16, K16)	OK

How do you know the budget correctly reflects revenues and expenditures for the fiscal year?

- Completed spreadsheets ✓
- Completed staffing list with salaries, benefits ✓
- Completed the budget form, it balances. ✓
- What other tests can you perform to make sure the budget is correct?



How do you know the budget correctly reflects revenues and expenditures for the fiscal year?

- What other tests can you perform to make sure the budget is correct?
 - Compare the budget to last year's budget
 - Compare the budget to last year's actual revenues and expenditures (maybe more meaningful)
- Does the resulting budget align with what's expected
 - Test with salaries and benefits, for example
 - Contingency budgets



Questions and Answers

We thank you for your time!

Contact Information

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