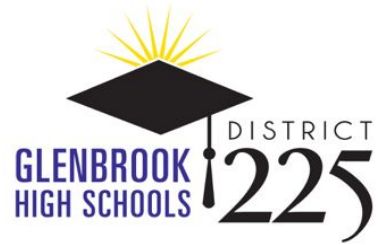


DRAFT



To: Dr. Charles Johns
Board of Education

From: Dr. R.J. Gravel
Ms. Vicki Tarver

Date: Tuesday, February 4, 2020

Re: Financial Forecast Model Update

Background

This fall the Business Services team partnered with Forecast5 Analytics to update our existing, financial forecast. Our financial forecast tool, 5Cast, has been widely adopted by school districts and other municipal organizations throughout our region. A primary reason for the high adoption rate is the solution's overall toolset, comprehensive reporting suite, and ability to develop multiple 'what-if' scenarios to predict the impact of different local, state, and federal conditions. As part of Forecast5's commitment to projection integrity, their product 5Cast references several data sources to develop a projection, including:

- Audited, historical budget performance and fund balances from the Annual Financial Report;
- Current year budget as stated on the ISBE Budget Form;
- Current and future year tax extension as stated on the Cook County Levy Report;
- General ledger data including budgeted and actual account activity;
- Calculated revenue and salary/benefit expenditures based on District-defined values entered into 5Cast's calculators;
- Revenue and expenditures projections based on District-defined values.

In an effort to develop a working 5Cast projection model, we utilized a set of assumptions. These assumptions are similar to those which have been historically utilized by the District, with some modifications due to actual budget performance, and trend analysis. The assumptions are outlined in the table that follows.

Attached is a graphical representation of the financial projection based on data available as of January 28, 2020. This projection represents a concerted effort of the school district's leadership team to evaluate the needs of our students while balancing those demands with the financial resources available. Several key considerations implemented into the model effective with the 2020-21 fiscal year include:

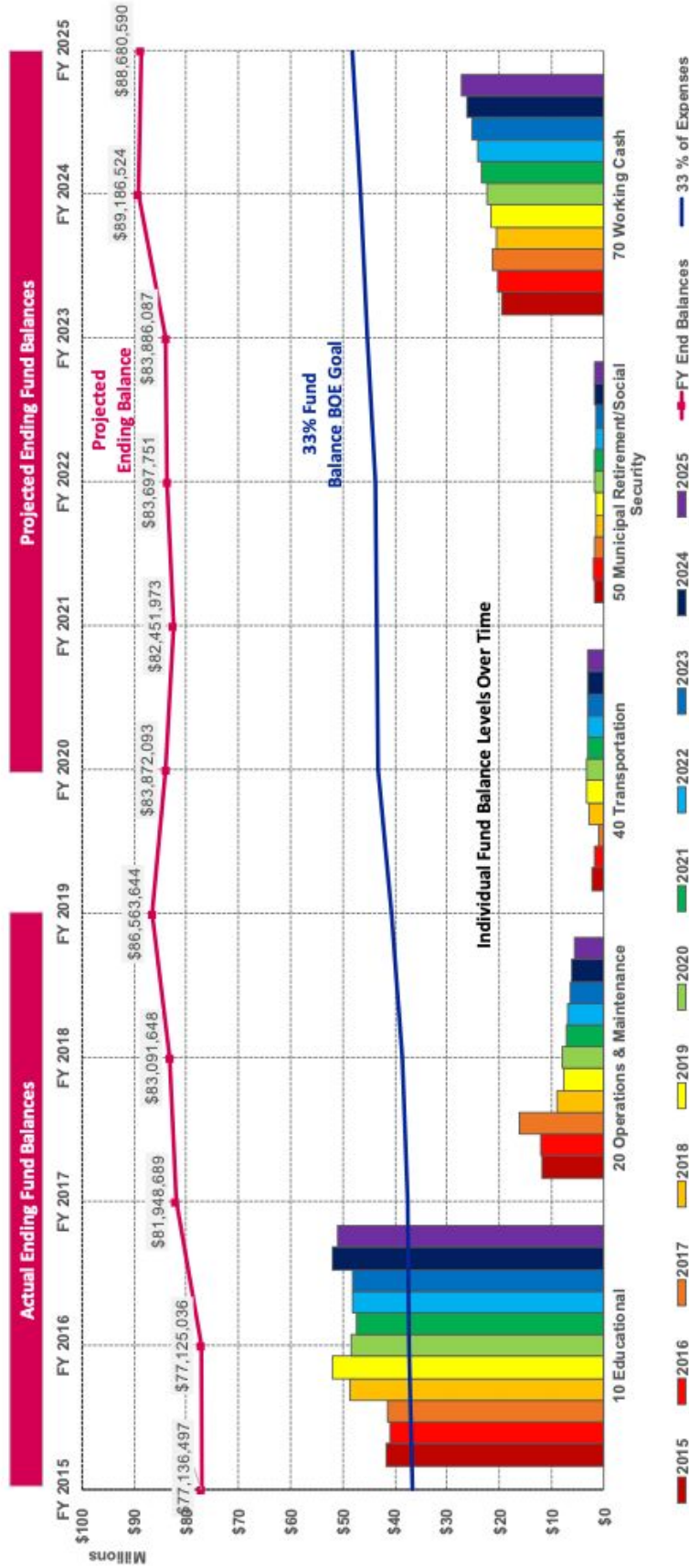
- Identification of new revenue streams;
- Review of all non-personnel related expenditures;
- Implementation of a 3-year capital project plan, reducing the number of enhancement and modernization projects;
- Review and renegotiation of contracted service agreements;
- Reevaluate all positions and associated work calendars through attrition;
- Application of the teacher FTE formula as in previous years; the assignment of FTE will be judicious and mindful of the larger financial picture.

Revenue Assumptions	
Assumption	2020-21 Model
Property Tax Revenue	52% of LY2019 48% of LY2020 97.5% Collection Rate CPI of 2.3% for LY2019 CPI of 2.0% for LY2020+ \$35,000,000 New EAV Growth for LY2019, 2020, and 2021, 2023 \$450,000,000 New EAV Growth for LY2022 (The Glen)
Make-Whole Payments	Actual Receipts for FY2020 for FY2021 and FY2022
Interest Income	Remain Flat
Student Fees	Remain Flat
Evidence-Based Funding Formula	Actual Receipts for FY2020
State and Federal Categorical Grants	Outstanding Payments and Estimated New Payments to be Received
Debt Service	Debt Book Values

Expenditure Assumptions	
Assumption	2020-21 Model
Staffing Projections	Implementation of Teacher Staffing Formula and GEA Contractual Commitments for the 2020-21 School Year
Salaries and FICA / Medicare (Increase w/ Lane and Step)	3.75% for Teachers for FY2021+ 3.75% for Non-Licensed Personnel for FY2021+ 3.50% for Administration for FY2021+ (Note: Anticipated Retirement Announcements) 2.00% for Extra Duty for FY2021+ 10.00% for Licensed Substitute
Employer IMRF	10%
Health Benefits	5% for Medical / Dental for FY2021+ 1% for Life / LTD for FY2021+
Retirement Contributions and Lane Changes	\$100,000
Non-Personnel Expenditures	Based on Contractual Agreements, New Initiatives, and CPI
Dues, Fees, and Other	\$2,000,000 for FY2021 (Note: Allstate Settlement)
Capital Projects	\$1,450,000 for FY2021 \$1,000,000 for FY2022+

Educational | O & M | Transportation | IMRF / SS | Working Cash | Tort

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