



NEWS

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District 64 to Adopt 2007-08 Budget, Consider Short-Term Financing

District 64 finances are expected to stabilize this year with the infusion of additional tax revenues from the successful referendum in April, although a final hurdle looms in the short term, according to Superintendent Sally Pryor. The Board of Education conducted a public hearing on the 2007-08 budget prior to its adoption at its September 24 meeting.

Before District 64 can receive those funds, it must navigate through the legislative turmoil at the state level. The fall property tax bills have been delayed indefinitely due to ongoing negotiations among the Governor and state legislative leaders on potential property tax relief. District 64 receives about 80% of its revenues from property taxes, and had expected to receive at least a portion of the fall revenues in October and the bulk in November, according to Business Manager Bruce Martin.

"Because the District's Operating Fund balance has historically been so low, we do not have the reserves available – as some local school districts do – to carry us through this unknown delay," Mr. Martin noted. He recommended that the Board consider issuing tax anticipation warrants in October to provide "bridge funding" until tax revenues are received. "Given the current uncertainties, District 64 must act to protect itself financially by making sure we have available cash to meet payroll and other expenses through the fall and early winter," Mr. Martin stated. The Board is expected to consider a tax anticipation warrant package at its next meeting on October 8.

Superintendent Pryor told the Board that the current scenario "highlights with absolute clarity that as long as school districts in Illinois do not control when they receive their revenues, the only way to avoid disruptions to education and minimize the cost to taxpayers is to maintain a healthy fund balance. Unfortunately for District 64, we would be much better able to weather these circumstances next year – when we have actually begun to receive additional funds made available through the referendum – than we are at present," she added.

The final 2007-08 budget presented to the Board on Monday forecasts that Operating Fund revenues will grow about 5.3% to almost \$56.1 million. Operating Fund expenditures will increase by 6.3% for the year to \$52.6 million, which includes about \$751,000 in capital life safety expenditures. Mr. Martin noted that the budget reflects the investment approved by the referendum in April for additional teachers needed to restore class sizes and educational programs to previous levels before a series of budget cuts in past years. It also reflects additional investment in technology that had been curtailed previously.

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District 64/add one

For the current year, the Operating Fund is expected to have a positive balance of about \$4.2 million, excluding capital life safety projects. Combining this with an Operating Fund balance of just under \$8 million at the start of the current fiscal year on July 1, the District's Operating Fund balance will reach 23.6% by June 30. "Although this fund balance is still well below the Board's goal of having four months of operating expenses, or 33%, at the close of the fiscal year, it is the first sizeable upturn in that balance in many, many years," Mr. Martin noted.

To help demystify some of the jargon surrounding the property tax process and the District's fund balance policy, the District 64 Community Finance Committee last year created a series of short chapters on school financing issues. The Education Finance Fact Book is available to browse through the District 64 Web site: www.d64.org.

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