

**GENEVA COMMUNITY UNIT SCHOOL DISTRICT NUMBER 304
227 NORTH FOURTH STREET, GENEVA, KANE COUNTY, ILLINOIS
FINANCE COMMITTEE MINUTES**

The Board of Education Finance Committee met at 6:00 p.m. on Monday, July 21, 2014, at Williamsburg Elementary School, 1812 Williamsburg Avenue, Geneva, Illinois.

1. CALL TO ORDER

The meeting was called to order at 6:03 p.m. by Chairman Wilson.

Committee members present: Kelly Nowak, Bill Wilson

Administrators present: Elizabeth Janowiak, Director of Technology; Todd Latham, Coordinator Business Services; Donna Oberg, Assistant Superintendent Business Services; Dr. Kent Mutchler, Superintendent

Others present: Leslie Juby, Mark Grosso, Mary Stith, Tina Gretani

2. PUBLIC COMMENT

None.

3. APPROVAL OF MINUTES

3.1 June 9, 2014

Motion by Nowak, second by Wilson, to approve the minutes as presented. Ayes, two (2) Nowak, Wilson. Nays, none (0). Absent, two (2) Anderson, Lamb. Motion carried unanimously.

4. DISCUSSION/CONSIDERATION

4.1 DRAFT 2014-2015 Topic Schedule Development

Mrs. Oberg, Assistant Superintendent Business Services, went over the possible discussion topics for the 2014-2015 Finance Committee meetings, and the committee scheduled the following:

- August –Topic calendar and Treasurer’s Report options
- September – Forecast 5 Reports
- October – 1st Quarter Review, Financial Assumptions, Long Term Debt, Initial Levy Presentation (5:45 start?)
- November – Final Levy Review/Discussion
- December – Bus Buy-Back Study Update, PushCoin Update
- January – 2nd Quarter Review, Audit Presentation/Discussion, Bond Abatement Update
- February – Would like to see a pre-preliminary budget with O&M Plan and Tech Plan
- March – 3rd Quarter Review, 2015-2016 Budget Presentation (O&M, Transportation)
- April – 2015-2016 Budget (Ed. Fund)
- May – Keep open for budget
- June – Keep open for budget
- July – Topic is okay

Discussion, comments, questions: Chances are we will need to fit something in on the calendar with all of the legislative things going on at the State level. Mr. Ney, Facilities Coordinator, has been great about getting grant dollars for upgrading the lighting and other things. We talked about some of the heating, ventilation and cooling systems and making some efficiency changes there, but that would require money up front. We would see the return on statements over time. Sometimes we want to do everything at once, but sometimes

it's better to do a little at a time. Senate Bill 16 is looking to distribute the income tax dollars from Kane County and redistribute it to Chicago and other districts down state. With that in mind, we may need to take a harder look at putting projects off. We are using our reserve funds to complete some of the current projects. I think we need to look at this to see if it is the right thing to do to continue to drain down our reserves given the fact that if they do implement Senate Bill 16 we would lose funding. We need to look at this closely, as it could slow down long term maintenance for Operations & Maintenance. Maybe with a combination of our group and the task force, we could take a look at the ramifications of things and what the costs would be. The Facilities Task Force Committee has done a good job of identifying projects that can wait. It sounds like we will have to do more of that. At the same time, we don't want to lose that very important guiding practice that we follow where the District has done well keeping things maintained to save money. The Facilities Coordinator has done a great job on maintaining facilities and keeping costs in check. We want to make sure we are balancing everything.

We should know by February any educational programming that we will be looking at for the next year. Are we going to look at 5 Share (Forecast 5)? Do you want them to come in and show the finance committee? (Not sure about the finance committee but maybe the Board. Would like to give the Board a chance to think about queries that they would like to see and let the presenter show them.) Maybe what we do is double up in October so that we can accomplish what you are saying. Maybe have the PMA Financial presenter and Forecast 5 Analytics present in September? Can we touch on this at the next meeting again? (Yes.) People need to know how we get our data and how we use it.

4.2 Review Treasurer's Report

The Assistant Superintendent of Business Services presented the committee with packets that contained treasurer's reports from other districts for them to review. Want you to have an idea of what other districts are offering to their Boards. The committee needs to look them over and give input at the next meeting. A Treasurer's Report consists of a beginning fund balance, the revenue, the expenditures, and the ending fund balance. Not sure exactly what you are looking for, which is why you have been given other district's treasurer's reports to look at. We need to work on this and modify it until we get exactly what you want.

Discussion, comments, questions: My initial feeling when I see the graphs stacked is that it is hard to read. Possibly use different charts or graphs?

5. FUTURE AGENDA ITEMS

5.1 Treasurer's Report

No discussion.

6. ITEMS FOR RECOMMENDATION TO FULL BOARD

Is there anything on the budget we need to talk about? (Yes, when going through the budget line by line there were some errors found that have now been corrected. The biggest being Mid-Valley, owing them \$273,000 more that we projected. This put us over budget. Debt Service Fund is over because we only levied \$15 million. Operations & Maintenance is a deficit, so we will use reserve funds for some projects. Transportation added a third white bus and four leased buses that will save us. It's small, but it helps. Overall, there will be a deficit of \$4.9 million.

Discussion, comments, questions: We need to make sure that it is clear to the public why we are in a deficit. We planned this and knew it would get to this due mainly to abatements and programs. The plan was to keep the tax levy more stable. Thanks to the Assistant Superintendent of Business Services and the Director of Business Services for their hard work on the budget. Maybe what we need to do is have a monthly overview of the budget at the Board meeting each month and not just on consent. Or leave on consent and attach a document each month to further communicate this?

7. INFORMATION

7.1 Legislative Update

Senate Bill 16 is an attempt at saying that resources are being spread out in the state in a more equitable manner, but it's really taking from one group of districts to pay for promises for others. It takes away money from our school district. Agree with Senator McConnaughay that this is just a band-aid approach. I think that when the State does something to drastically change the State formula in any fashion, they need to know we have the students in mind and the quality of education they receive. It is very concerning that they are playing such politics in a fashion that could not only hurt our students, but also take tax dollars from our district. We need to keep an eye on this. Is most of the money from the State? (It's a combination of both state aid and grant dollars. With Senate Bill 16, they talked about phasing it in. In the first year the reduction would be 15% (\$360,000), the second year 40% (\$960,000), the third year 70% (\$1,681,000), and the fourth year 79.9% (\$1,900,000). There has been discussion of phasing out the property replacement tax too. Have you heard anything on this? (We haven't heard anything. It's worth analyzing, because that calculation is 20 years old. We may need to take a comprehensive look at this. If they take away the state funding it would make me question where my income taxes are going.) We lost \$235,000 because the income tax hike wasn't extended. We need to keep an eye on the state because of the impact it could have on the budget.

7.2 Status of State Funding

We received all four quarterly payments from the State. Five payments were received in FY14 because the last quarterly payment for FY13 was received in July which skews all balances.

7.3 End of Fiscal Year 2013-2014 Review

Our corporate personal property taxes just came in a little over budget, general state aid came in at 89% of budgeted, and state payments were fully made. This increased the revenue to 108% for the year. Under expenditures, salaries are trending under budget by about 3%, benefits were close to budget, purchased services were under budget by 5%, and supplies came in over budget at about 110%. Supplies were over mainly because of the harsh winter we had. We had additional costs for salt and fuel. Capital equipment for Operations & Maintenance came in over budget due to the carryover from last summer's projects. Other expense in the education fund came in over budget. There was a transfer of funds to debt service for the abatement for the 14-15 levy year. Overall, the budget was 104% over budget, but that was mainly due to the transfer. Ending fund balances were: Educational Fund - \$17.9 million; O&M Fund - \$4.7 million; Transportation Fund - \$5.6 million; Working Cash Fund- \$14.2 million.

Discussion, comments, questions: Sounds like we may have gotten some tax dollars in early? (Yes, in May.) Looks like we are at our target threshold. Need to notice that the ending balance has gone up due to the debt service. Our fund balances have dropped substantially over the last year or so. We have been taking anything over the \$15 million and transferring that for bond payments. We talked about moving an additional million into the debt service fund or into the cash fund.

8. ADJOURNMENT

At 6:47 p.m., motion by Nowak, second by Wilson, and with unanimous consent, the meeting was adjourned.

APPROVED September 8, 2014
(Date)

William R. Wilson CHAIRPERSON

SECRETARY Dr. Kent Mutchler

Bonnie J. Johnson RECORDING
SECRETARY