

DOWNERS GROVE GRADE SCHOOL DISTRICT 58

FINANCIAL ADVISORY COMMITTEE MEETING JANUARY 10, 2020

The Financial Advisory Committee met on Friday, January 10, 2020 at 7:00 a.m. at the Administrative Service Center.

Call to Order

The meeting was called to order at 7:02 a.m.

Present

Chair Darren Hughes, Steve Olczyk, Allen Altic, Christine Collins, Todd Drafall, Matt Durbala, Laura Hill, Randy Hoppe, Kevin Russell, Geoff Neustadt, Katie Hannigan, Andrew Schmidt, Katie Maffei, Jeff Riemer, and Bonnie Osborne.

Brian Johnson, Andrea Meade (Miller Cooper), and Susan Jones (Miller Cooper) attended as visitors.

Absent

Tammy DeStefano, Becky Lankheet, Rachel Mayer, Jason Suchy, Cynthia Pietrucha, Brian Riegler, Jim Swider, and Mark Thomas.

Approval of Minutes

Allen Altic moved and Jeff Riemer seconded the motion to approve the minutes from the November 8, 2019 meeting. Motion carried.

Review of Monthly Financial Reports

Revenue is a little ahead from last year; transportation expenses are little behind due to an FY17 bill received and paid in FY18. At year end, revenue above expenses is projected. A reimbursement payment from the state was received in December.

Medical Reserve Fund Balance Update

MRF data is included in the Year-to-Date Report. The MRF calendar resets on January 1st in alignment with deductibles. The 6% increase in contributions started in December.

FY19 Audit Report

The District's monthly Year-to-Date Reports are on a cash basis, while the annual audit report is on a modified accrual basis. The District also pays bills on June 30th to minimize accruals. Early tax money impacted the accruals in FY18.

Susan Jones of auditor Miller Cooper reported that the District received an unmodified opinion, which is in line with prior years and is the highest possible rating. The Management Discussion and Analysis was prepared by the District and provides an overview. Although the audit report

shows a total net deficit of \$18.2M, reflecting pension liabilities such as IMRF, each of the major funds are in a positive fund balance position with a slight increase over the prior year. The statement of Fiduciary Assets and Liabilities includes all the student activity funds, which are not currently reported within the District's finances. No new notes or significant changes were added to the audit this year. The net pension liability went from \$4.5M to \$10.9M, driven by actuarial numbers and a significant change in IMRF's investment income due to market conditions.

No material weaknesses were noted, but there is one significant deficiency regarding capital asset tracking. Some capital assets had not been properly recorded to the third-party firm, but an adjustment has since been made. Practices are being adjusted to ensure this issue is not repeated next year.

The audit report will be accepted by the Board at the January meeting.

Fund Balance Policy Discussion

Sample policies from other districts were provided to the committee. The current proposal is to work toward a 30% fund balance at year end, recognizing that our fund balances include the early tax receipts in May/June. The goal is to build the District's fund balance so that the sinking fund would not need to be maintained at its current level. Budget planning for FY21 includes contingencies for adding to fund balances and allowing for unexpected staff increases.

The FAC may meet again in February to share a model policy draft.

School Fees

The Business Office has recommended to the Board that fees increase by inflation, with additional increases for transportation and OKEEP due to cost increases.

Supplemental Bond Levy

Several years ago, the District structured a bond based on an inflation assumption that did not pan out. The District ended up with more debt than it could levy for. A small supplemental levy for the next 3-5 years will allow the District to catch up.

Playground Update

Many groups have been fundraising for school playgrounds. Receipt of funds requested by Rep. Stava-Murray in the state capital bill is contingent on state revenue growth, and it is still unclear how and when the District might receive those funds. The District is preparing to put out bids with those funds, including obtaining site surveys, so that the bid process can begin as soon as funds become available. However, two groups have raised enough money that they can begin playground projects without state money.

Property Tax Relief Memo

The state has provided an opportunity for property tax relief to school districts. However, under District 58's circumstances, the District would have to cover \$1M and would only receive \$300,000 in return. It is not recommended that the District apply.

Public Comment

No comments were made at this time.

Adjournment

Katie Hannigan moved and Steve Olczyk seconded the motion to adjourn.

Meeting adjourned at 8:37 a.m.