

The Board of Education, Downers Grove Grade School District 58, DuPage County, Illinois met in a special meeting/ financial workshop on Monday, November 23, 2015, at Longfellow Center.

1. CALL TO ORDER/ROLL CALL

The President called the meeting to order at 7:00 p.m. Members present: President John D. Cooper; Vice President Doug Purcell; and Members Diehl, Heppner, Miller, and Sigale. Member Lupescu arrived at 7:03 p.m. Members absent: None. Also in attendance were Kari Cremascoli, Superintendent; Jayne Yudzentis, Assistant Superintendent for Personnel; Jessica Stewart, Assistant Superintendent for Special Services; Matthew Rich, Assistant Superintendent for Curriculum and Instruction; Lorie Pilster, Director of Business Services; James Popernik, Controller; Richard Bubula, Director of Buildings and Grounds; James Eichmiller, Director of Innovative Technology and Learning; Megan Hewitt, Coordinator of Community Relations; and Pamela A. Osika, Board Secretary. Attending this meeting was at least one visitors.

2. RECOMMENDATIONS FOR ACTION

A. Treasurer - Termination of Current Treasurer

Member Diehl moved and Member Miller seconded her motion to remove Eric Wagner as Treasurer of Downers Grove Grade School District 58 effective December 1, 2015.

ROLL CALL VOTE: AYES: Members Cooper, Diehl, Heppner, Miller,
Purcell, and Sigale

NAYS: None Motion carried

Member Lupescu joined the meeting at this time.

B. Treasurer - Appointment of Treasurer

Member Purcell moved and Member Diehl seconded his motion to appoint Dr. James Popernik as District 58 Treasurer for the period December 1, 2015 through June 30, 2016, unless earlier removed.

ROLL CALL VOTE: AYES: Members Cooper, Diehl, Heppner, Lupescu,
Miller, Purcell, and Sigale

NAYS: None Motion carried

C. Treasurer's Bond

Member Purcell moved and Member Heppner seconded his motion to approve School Treasurer's Bond for Dr. James Popernik as presented, at an annual premium of \$10,522 and limit/penalty of \$21,250,000.

ROLL CALL VOTE: AYES: Members Cooper, Diehl, Heppner, Lupescu,
Miller, Purcell, and Sigale

NAYS: None Motion carried

D. Treasurer Reporting Services Agreement

Member Miller moved and Member Diehl seconded his motion to approve an agreement with Terri Carby, CPA, to assist with oversight and reporting functions for Downers Grove Grade School District 58 as directed by the Treasurer, at a rate of \$90/hour.

ROLL CALL VOTE: AYES: Members Cooper, Diehl, Heppner, Lupescu,
Miller, Purcell, and Sigale
NAYS: None Motion carried

3. **FINANCIAL WORKSHOP**

A. Financial Projections

Dr. James Popernik, Controller, began his presentation by sharing with the Board examples of new Treasurer's Reports and monthly financial reports. These were created with the assistance of Terri Carby, CPA. Dr. Popernik updated the Board on financial forecast information using the same format as last year, which includes two years of history, the current budget, and three years of future projections.

REVENUE ASSUMPTIONS

- The consumer price index (CPI) for 2014 was 0.8%. For calendar year 2015 CPI is currently running at 1.0%. It will likely end close to this number. CPI is estimated to be 1.5% in calendar 2016, 1.7% in calendar 2017, and 2.0% in calendar 2018.
- New property coming on the tax rolls is estimated to be in the \$17 million to \$20 million range.
- The District's EAV will slightly increase for the 2015 tax year.
- It is assumed that the state's financing difficulties will continue. General State Aid is expected to remain flat at \$1.3 - \$1.4 million. State categorical aid in the Education Fund will increase slightly due to expenditure level reimbursements but Transportation aid will remain flat.
- It is assumed that there will be no new legislative changes that would restrict property tax revenue, or shift pension costs to the District. The potential Oak Brook area deannexation is not factored into the projections, which could potentially result in another \$260,000 annual loss.
- The impact of Senate Bill 16 is not factored into these projections, which could result in a potential loss of \$2.2 million annually.
- Aggregate interest income will remain at minimal levels (\$90,000 or less annually) for the short term.

EXPENDITURE ASSUMPTIONS

- Considering compromised revenue from state sources and low interest earnings, future salary expenditures should continue to be tied to CPI. The teachers and custodial/maintenance contracts are in place until 2018. The DGESP contract expires on June 30, 2016.
- The anticipated number of certified retirees in FY16 is eight, in FY17 it is 16, and in FY18 it is estimated at nine. The projected increase in retirements will help stabilize the budget.
- Certified teaching levels increased in FY16 due to the new Optional Kindergarten Enrichment and Enhancement Program (OKEEP). Going forward, staffing levels for all categories of employees are projected to stay relatively flat.
- It is anticipated that enrollment numbers will remain stable but may decline slightly over the next few years.
- Benefits expenditures have been rising and will continue to rise much faster than inflation.
- Utilities and Other Control costs will be relatively flat as a result of locked-in natural gas and electricity rates for the short term.
- Other expenditure categories such as purchased services, supplies, and equipment will be held relatively constant over the next few years.
- Expanding OKEEP to all elementary schools is not factored into either the revenue or expenditure projections.

Following are general highlights for individual funds:

Education Fund and Medical Reserve

Dr. Popernik reviewed revenue and expenditure projections for the Education Fund. The fund balance of the Education Fund is expected to decrease slightly over the next few years.

The District does not budget separately for the Medical Reserve Fund. The Fund is only used for account revenue and expenditure tracking. Revenue comes into the fund from Board contributions, employee contributions, and stop loss insurance reimbursements. Expenditures include claims activity, the cost of stop loss insurance, and Humana/Delta Dental administrative costs. It was noted that in FY08 the Medical Reserve had revenues of \$6,747,204 and expenditures of \$6,810,750. Since that time industry-wide medical trend increases alone have been 9% annually. The Medical Reserve expenditures in FY15 were \$6.9 million. The Medical Reserve Fund is projected to remain fairly stable over the next few years with a fund balance estimated to hover near \$2.2 to \$2.3 million.

O & M Fund

Revenues in the O&M Fund are expected to remain flat over the next three to four years. Expenditures are projected to decrease some with the expectation of retirement announcements. Transfers of \$300,000 annually to the Capital Projects Fund are budgeted to cover the cost of summer projects. Some operating surpluses are expected, not considering transfers for projects.

Sinking Fund/Capital Projects

The Sinking Fund will receive interest transfers and impact fees as its main sources of revenue. As noted, \$300,000 will be transferred annually from the O&M Fund to the Capital Projects Fund.

Debt Service Fund

Debt Service revenues and expenditures will remain stable.

Transportation Fund

By increasing levy allocations, some revenue from property taxes will be shifted to the Transportation Fund. This should keep it balanced or close to being balanced over the next few years.

IMRF

By increasing levy allocations the past two years, some revenue from property taxes was shifted to the IMRF Fund. Cash flow in this fund is expected to stabilize and possibly improve over the next few years.

Life Safety Fund

The balance of this account is minimal since all Life Safety projects related to the 2013 bonds have been completed.

Working Cash Fund

A minimal amount will be levied annually for the Working Cash Fund with interest to be transferred to the Sinking Fund.

Overall Summary

Assuming there are no radical legislative changes, District 58's finances should be relatively stable for the next three years. Looking to the future, some big ticket items the District will be considering are asphalt and playground work, science lab upgrades, phone system replacement, expanding the Optional Kindergarten Enrichment and Enhancement Program, ten-year life safety inspection findings, and administrative facilities solution.

The current District 58 debt service schedules were reviewed. There was a brief discussion regarding the age of building roofs, considering the oldest ones and future planning for their maintenance. Board members were given a chance to make comments and ask questions.

B. Ten-Year Life Safety Report – 12 Schools

Arcon Associates, Inc. was hired by District 58 to conduct the ISBE required Ten-Year Life Safety Survey for 12 schools. No survey was required for Henry Puffer School since a ten-year survey was performed in 2012 for that school. Work for each building included a comprehensive inspection to ensure each school met all applicable building codes. The inspection has been completed and the results were presented to the Board. A recommendation will be brought to the Board at the regular December meeting asking for approval to authorize the administration to move forward and formally submit the Ten-Year Life Safety lists on the IWAS computer format system. The IWAS system will then require formal on-line approval by the District Superintendent and the list will be forwarded to ISBE. Finally, the State will review and respond with comments.

4. RECEPTION OF VISITORS

There were no comments or questions from members of the audience at this time.

5. CLOSED SESSION

Member Diehl moved and Member Miller seconded the motion to move to closed session for the purpose of discussing matters relating to the appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the District; 5 ILCS 120/2(c)(1).

ROLL CALL VOTE: AYES: Members Cooper, Diehl, Heppner, Lupescu,
Miller, Purcell, and Sigale

NAYS: None Motion carried

Member Diehl moved and Member Lupescu seconded the motion to reconvene in open session.

VOICE VOTE Motion carried

The Board convened to closed session at 7:44 p.m. and reconvened to open session at 7:55 p.m.

6. ADJOURNMENT

Member Diehl moved and Member Lupescu seconded the motion to adjourn the meeting.

VOICE VOTE Motion carried

The meeting was adjourned at 7:55 p.m.

John D. Cooper, President

Pamela A. Osika, Secretary