

DOWNERS GROVE GRADE SCHOOL DISTRICT 58

FINANCIAL ADVISORY COMMITTEE MEETING

April 3, 2018

The Financial Advisory Committee met on Monday, April 3, 2018 at 7:00 a.m. at the Administrative Service Center.

Call to Order

The meeting was called to order at 7:03 a.m.

Present

Darren Hughes, David Bein, Theresa Bochat, Kari Cremascoli, Matt Durbala, Todd McDaniel, Dan Pekofske, Andrew Schmidt, and Jim Swider. Also in attendance was Chris Sagan.

Absent

John Miller, Brian Dietrich, Jim Harkness, Marty Lyons, Geoff Neustadt, Cynthia Pietrucha, Brian Riegler, Jeff Riemer and Angie Rybarczyk.

Approval of Minutes

Jim Swider moved and Dan Pekofske seconded the motion to approve the minutes from the January 8, 2018 meeting. Motion carried.

Review of Monthly Financial Reports

David Bein reminded the committee that because meetings are held at the very beginning of the month, it is not possible to have the past month's statement ready for review.

2017 CPI

The 2017 year-over-year Consumer Price Index (CPI) increase is 2.1% and is the rate that will be applicable to the 2018 levy.

Capital Projects/Bond Issuance

Bonds approved by the Board of Education have been issued, and the funds recently received. The committee reviewed the anticipated spending schedule and fund transfer schedule. An initial working cash abatement and transfer to the capital projects fund will be recommended to the Board in April. This should provide sufficient funds to cover anticipated capital project expenses through early July. A second abatement and transfer should happen in July to provide for the remaining expenses to complete the capital projects in the 2018-19 year.

ESSA Reporting

The federal Every Student Succeeds Act (ESSA) requires site-based reporting by school Districts. David explained that to facilitate this reporting, the Business Office is using a two-pronged approach. First, the general ledger is being updated to allow known site-based expenses, such as teacher salaries, to be charged directly to each site. Second, an allocation methodology is being developed that will allow non-site-based expenses, such as central office salaries, to be allocated out to sites. This is a significant effort to prepare for this reporting requirement.

FY18 Budget Amendment

David shared that an amended budget is required due to the issuance of bonds and the associated capital project expenditures. He is preparing an amended budget that will incorporate these changes, and the Board will consider adopting of the amended budget in the same way as it adopts the regular budget.

FY19 Budget

The committee reviewed revenue and expense budget drivers for the FY19 budget. Due to the early date, there is still uncertainty around many items, making it challenging to estimate their ultimate impact on the budget. State and federal funding are likely to be flat. Local funding will increase based on changes in student fees and an increase in levies. Teacher and custodial/maintenance contracts are being negotiated. Salary increases have a significant impact, but it is too early in the process to know what the outcomes will be. David is hoping to limit the health insurance increase to 5%, but it is unknown exactly where the current claims will end up this year. Each 1% increase in rates results in approximately \$70K in additional cost to the district. SASED costs are being reviewed, but there is the possibility of increased costs and reduced revenue (associated with a reduction in rooms used by SASED). Special and regular education transportation costs are also rising. An early look at next year's budget will be presented at the April Budget Workshop.

Medical Reserve Fund

Claims against the medical reserve fund rose again in the most recent month, and the expected annual claims are running close to but slightly above the budgeted amounts. The hope for this year has been to increase medical reserve fund balances, but if claims remain high that will not be likely. There is an ongoing possibility of a need for a transfer into the medical reserve fund.

Solar Power Discussion

The committee discussed the prior meeting's presentation about solar power. The discussion included consideration of installation costs, ongoing maintenance requirements, the impact on roof longevity, the risk and cost of replacement panels, the risk of tax incentive changes, access to capital to fund the installation, the time to break even, assumptions around future electricity rates, and the current strategic planning process. Based on the discussion, the committee came to a consensus that while solar power might be an interesting option, this is not the right time to further pursue it.

Once the strategic plan for facilities is developed, there may be an opportunity to see where solar power fits in.

Reception of Visitors

No comments were made at this time.

Adjournment

Darren Hughes moved and Todd McDaniel seconded the motion to adjourn the meeting. Motion carried.

Adjourn

Meeting adjourned at 7:58 a.m.