

## **DOWNERS GROVE GRADE SCHOOL DISTRICT 58**

### **FINANCIAL ADVISORY COMMITTEE MEETING**

**January 23, 2017**

The Financial Advisory Committee met on Monday, January 23, 2017 at 7:00 a.m. at the Administrative Service Center.

#### **Call to Order**

The meeting was called to order at 7:01 a.m.

#### **Present**

David Bein, John Cooper, Kari Cremascoli, Brian Dietrich, Matt Durbala, Todd McDaniel, Geoff Neustadt, Doug Purcell, Andrew Schmidt, and Jim Swider. Also in attendance was Lorie Pilster.

#### **Absent**

Jim Harkness, Marty Lyons, Cynthia Pietrucha, Brian Riegler, and Angie Rybarczyk.

#### **Approval of Minutes**

Andrew Schmidt moved and Matt Durbala seconded the motion to approve the minutes from the October 3, 2016 meeting. Motion carried.

A suggestion was made to have the charge to the Financial Advisory Committee posted on the new District 58 website.

#### **Review of Monthly Financial Reports**

The most recent financial reports were distributed. These are also available on the District website for review.

#### **December 2016 CPI**

The Committee discussed the annual 2.1% CPI rate that will be the limiting increase for the upcoming levy. David Bein noted that recent legislative proposals would change the rate to 0% for two years as a property tax freeze, but it is currently unknown whether that legislation will be enacted.

#### **FY16 Audit**

David Bein shared that the District received a clean audit. He reviewed the control deficiencies identified by the auditor and described how the District has already or is currently addressing each issue. A question was asked whether it made sense to have this committee review the audit prior to it being presented to the Board. The Committee decided that due to its nature as a Board report and the timing of the audit completion that the audit should go directly to the Board.

### **Capitalization Threshold**

Lorie Pilster explained that the capitalization threshold is set locally to determine the asset value for recording/capitalizing equipment. The current level is \$2,500 and a typical level for a district this size is \$5,000. A recommendation will be made at the February Board meeting to increase the capitalization cutoff for accounting record keeping and reporting.

### **Facilities at a Glance Document**

David Bein described the process used to develop the Facilities at a Glance document that was shared with the Board at the January meeting. The purpose of the document is to provide a high-level view and understanding of key facts about and the condition of District buildings. Additional work is being done to prepare a comprehensive list of repair and maintenance projects for all buildings that is expected to be presented to the Board for discussion at the April Budget Workshop. Current estimates, based on a 4% cost inflation rate obtained from architects, are for \$23.6 million in projects needed to be completed between now and 2025, \$50.3 million between now and 2030, and \$98.4 million between now and 2040. If the inflation rate is assumed to be 2%, the costs are \$19.1 million, \$38.6 million, and \$67.2 million, respectively.

### **Debt Capacity**

David Bein shared that there are different assumptions that can be made to determine available borrowing capacity, but that they result in approximately the same amount of funds overall. Practically speaking, the amount of debt that can be issued is limited by the Debt Service Extension Base (DSEB), which statutorily limits the maximum annual debt service payment. The District's current DSEB is just under \$1.4 million, and the DSEB increases along with the CPI limiting rate under the PTELL legislation. The earliest possible time to access funds through non-referendum bond issuance is Spring 2018, at which time approximately \$6 million in proceeds could be available. Between now and a final repayment near levy year 2041, approximately \$19 million of bonds in total could be issued.

### **Debt Service Levy**

Current debt repayment is based on a schedule established in the past at the time of bond issuance. In reviewing the debt repayment schedule and levies, David Bein noted that the assumed 2% growth in the DSEB did not occur and as a result supplemental levy resolutions were needed to tie the repayment to the available DSEB. David is working with bond counsel and Speer Financial to get detailed numbers and anticipates bringing forward a resolution to the Board to address this.

### **Reception of Visitors**

No comments were made at this time.

### **Adjourn**

Meeting adjourned at 7:40 a.m.