

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

### **FINANCIAL ADVISORY COMMITTEE MEETING**

**October 2, 2017**

The Financial Advisory Committee met on Monday, October 2, 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**

John Miller, Darren Hughes, David Bein, Theresa Bochat, Kari Cremascoli, Brian Dietrich, Geoff Neustadt, Jeff Riemer, Andrew Schmidt, and Jim Swider. No visitors were in attendance.

#### **Absent**

Matt Durbala, Jim Harkness, Marty Lyons, Todd McDaniel, Dan Pekofske, Cynthia Pietrucha, Brian Riegler, and Angie Rybarczyk.

#### **Approval of Minutes**

After a motion by Jim Swider and second by Jeff Riemer, the minutes from the July 10, 2017, meeting were approved by unanimous vote of the committee.

#### **School Funding Legislation**

The committee reviewed a handout on the new school funding legislation that was recently enacted in Illinois. David noted that District 58 and other districts with similar adequacy funding levels will split 0.9% of new state funding, so state aid revenue will remain relatively flat in the future until other, less adequately funded districts catch up.

#### **2016-2017 Audit**

David shared that the 2016-17 audit fieldwork has been completed, and that while he has not yet received a draft of the audit report, he is not aware of any issues. The auditors expect to have the report filed on time and intend to present it to the board in November.

#### **August 2017 CPI**

The committee reviewed CPI charts. The current CPI is running at 1.7%, and we are at the time of the year when there often is a slight uptick in inflation numbers. The impact of the recent natural disasters may have an unknown effect. The ten-year average rate is 1.8% while the five-year average is 1.4%. The ten-year average includes the 4.1% rate from 2007.

#### **Tax Rates**

A table showing tax rate information for the 29 elementary districts in DuPage County was discussed. District 58 has the fourth lowest tax rate in the county, and the seventh lowest extension per student. The committee discussed the information, including the merits of focusing on tax rates as opposed to extension per student data. The committee noted that overall District 58 efficiently uses resources as reflected in the low extension per student.

### **2017-2018 Budget Recap**

A budget recap document was discussed. A question was asked about the merits of maintaining a fund balance in the transportation fund. David responded that it is prudent to maintain some reserves due to unexpected expenses, such as last year's need to obtain mid-year replacement routes for special education routes and the transfer of students from lower cost buses to higher cost taxis.

### **Long Range Forecasting Assumptions**

The committee discussed several long-range forecasting assumptions. The committee felt that using a consistent approach, such as five- or ten-year averages for CPI, growth in EAV, and new construction was appropriate. David noted that savings due to retirees is estimated to be significantly lower in the next several years. The committee discussed using CPI as the increase for salaries that are not increased according to a collective bargaining agreement, with the understanding that David would provide alternate forecast scenarios showing the impact of higher or lower salary increases. David shared that overall trends in healthcare costs are 8-9%, with the prescription drug component higher and the medical component slightly lower. The committee discussed how cost saving opportunities for healthcare have been examined, and wondered whether there were any additional opportunities for savings by having retirees on the district's plan. David indicated that he would show forecasts that include the projected future increased facility costs but would also show a forecast that included additional revenue to offset those costs. The committee also discussed how strategic planning can provide insight into facility usage and plans, including the best and highest use of Longfellow.

### **Medical Reserve Fund**

The committee reviewed monthly net medical claims costs over the past two years. The August 2017 month was extremely high, and if upcoming months are also high there may be a need for a transfer into the medical reserve fund.

### **Reception of Visitors**

No visitors were in attendance, and no comments were made at this time.

### **Adjournment**

Jeff Riemer moved and Darren Hughes seconded the motion to adjourn the meeting. Motion carried.

### **Adjourn**

Meeting adjourned at 8:24 a.m.