

DOWNERS GROVE GRADE SCHOOL DISTRICT 58

FINANCIAL ADVISORY COMMITTEE MEETING

April 3, 2017

The Financial Advisory Committee met on Monday, April 3, 2017 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

David Bein, Theresa Bochat, John Cooper, Kari Cremascoli, Brian Dietrich, Matt Durbala, Todd McDaniel, Geoff Neustadt, Dan Pekofske, Jeff Reimer, Andrew Schmidt, and Jim Swider. Attending this meeting was one visitor.

Absent

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

Introduction and Welcome of New Committee Members

New Committee members were welcomed and introductions were made.

Review of Open Meetings Act

It was noted that this is a Board of Education committee and as such must comply with the Open Meetings Act (OMA). A summary of important features contained in the Open Meetings Act was distributed. It was suggested that members review and familiarize themselves with the requirements.

Review of Committee Charge

The Committee's charge was reviewed.

Approval of Minutes

Todd McDaniel moved and John Cooper seconded the motion to approve the minutes from the January 23, 2017 meeting. Motion carried.

FY18 Meeting Schedule

The Committee discussed the draft meeting schedule for 2017-2018. The Committee expressed a preference for morning meetings to continue on Mondays or Tuesdays, but to avoid the first day back from a break or holiday week, thus scheduling a meeting for the next day or following week. David Bein will share the information with the new Committee chair, to be determined after the Board reorganization in May, and will ensure that the final schedule of meetings will be distributed to the Committee members.

Summer 2017 Facility Projects

David noted that 2017 planned summer projects are not as extensive as those in some previous years. Geoff Neustadt talked through some of the main projects happening this summer as well as routine summer work to be completed. It was noted that future years are expected to have a much higher cost for anticipated summer work.

Future Facility Needs

The April Budget Workshop will provide more information on future facility needs. At this time, the information is preliminary, but shows a need for \$115 million in facility spending on maintenance and repair projects between now and 2040. Approximately \$19 million in non-referendum debt could be available between now and then, which could be repaid by the early 2040's. The Committee discussed that referendum and non-referendum debt, operating funds, and reserves are possible ways to support these costs. The next few summers are expected to be relatively low in terms of project costs, but multi-million dollar expenditure years are predicted to start in 2020.

State of Illinois MCAT Payments

An explanation of MCAT payments was provided. The State has been behind one payment for a number of years. At this time, the State has only made one late payment during this fiscal year and three payments totaling \$2.5 million have been vouchered for FY17 but remain unpaid. Given the late point in the current fiscal year, it appears unlikely that the State will make three payments before the end of June 2017, so it is likely that there will be a shortfall of at least one payment (\$800K) during FY17. While it is possible, it seems unlikely that the State would fall behind a third payment for next year, so the intent is to budget two late payments plus two regular payments for FY18.

Health Insurance

Information from a recent Insurance Committee meeting was shared. Due to a higher utilization of insurance benefits, expenses in FY17 have been high. The Medical Reserve Fund is currently projected to end FY17 with \$200K less than originally anticipated, and another \$1.1 million less for FY18 if the current run rate continues. No recommendation is currently being made on rate increases pending additional months of actual expense information, but if a rate increase were to happen based on the current status, it would need to be 16-20% to cover the shortfall. This would cost the District approximately \$1 million in additional health insurance contributions.

FY18 Budget

The main drivers for the budget were described. Retirements do not cover the cost of salary increases for the next year, resulting in a projected \$225K increase in costs compared to the 2016-2017 budget. Health insurance increases could be significant as previously discussed. Curriculum adoption for English-Language Arts (ELA) and a technology refresh are expected to cost about \$950K. The net impact is currently estimated at a year over year incremental budget deficit of \$1.6 million. Assumptions around property tax revenue can make a difference, and the Committee supported the assumption that there would be no change in state law impacting property taxes (that is, no property tax freeze).

Legislative Update

The Grand Bargain budget compromise has failed, but some of the bills are being introduced individually. The evidence-based model was discussed, it has gotten some traction and has been moving through the General Assembly. Property tax freezes and pension cost shifts continue to be discussed.

Reception of Visitors

No comments were made at this time.

Adjournment

John Cooper moved and Todd McDaniel seconded the motion to adjourn the meeting. Motion carried.

Adjourn

Meeting adjourned at 8:06 a.m.