

DOWNERS GROVE GRADE SCHOOL DISTRICT 58

FINANCIAL ADVISORY COMMITTEE MEETING

July 10, 2017

The Financial Advisory Committee met on Monday, July 10, 2017 at 7:00 a.m. at the Administrative Service Center.

Call to Order

The meeting was called to order at 7:05 a.m.

Present

John Miller, Darren Hughes, David Bein, Theresa Bochat, Kari Cremascoli, Brian Dietrich, Todd McDaniel, Dan Pekofske, Jeff Riemer, Angie Rybarczyk, and Jim Swider. No visitors were in attendance.

Absent

Matt Durbala, Jim Harkness, Marty Lyons, Geoff Neustadt, Cynthia Pietrucha, Brian Riegler, and Andrew Schmidt.

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 and reviewed.

Approval of Minutes

The minutes from the April 3, 2017 meeting were approved by unanimous vote of the committee.

May 2017 CPI and Impact of Potential Property Tax Freeze

The current CPI is running at 1.4%. Thus far through the year the trend has not been as steep as it was last year. A review of the CPI trends over the past five years was also distributed and discussed. While the CPI impacts the levy for the District, if a property tax freeze is adopted by the General Assembly it would have a material impact on the District. A recent estimate was that if a 2% CPI growth was lost due to a property tax freeze, it would result in a \$2.15 million loss to the District over two years, and \$4.4 million over four years.

Annual Review of Medical Reserve Fund

The committee discussed that due to a higher utilization of insurance benefits, expenses in FY17 have been high. Projected claims for FY18 are approximately \$6.8 million which would mean a targeted reserve fund balance between \$2.55M and \$4.25M. The FY17 ending fund balance is \$1.5M. Due to administrative and operational changes implemented for this year which will reduce costs along with the 10% premium increase, no recommendation is being made to make a transfer into the medical reserve fund at this time. Any further decrease in fund balance, however, would be strong evidence to support a transfer.

2016-2017 Budget Year in Review

David noted that fiscal 2017 numbers are very preliminary at this time, and that not all items, most notably invoices for Septran, have been booked. With only three of four budgeted MCAT payments by the State having been received, revenue is less than expected.

State Budget Update

The committee discussed how the State has a budget for the first time in over two years. At some point it is hopeful that the two missing MCAT payments will be paid, but it is hard to know when. David shared that unless SB1, the evidence based funding model legislation that is waiting for the governor's signature, is enacted into law, it is possible that school districts will effectively have no funding since the budget bills that were enacted are based on an evidence based funding model.

2017-2018 Budget

David shared information about the tentative budget that was being proposed for the board of education to consider. He noted a number of changes that were made to the preliminary budget to reduce the deficit from about \$650K to \$225K. After a discussion of the changes, the challenge in further reductions, and related matters, the committee was supportive of the tentative budget.

Facilities Recap

David passed out a graph that was used at the April Budget Workshop regarding future facility needs. After explaining the graph, the committee discussed facilities, the opportunity for district strategic planning to provide guidance on facilities, and future funding needs to maintain facilities. David stated that approximately \$19 million in non-referendum debt could be available and repaid by the early 2040's, with about \$6 million available in the next few years. The committee discussed that referendum debt, non-referendum debt, and operating funds are possible ways to support these costs but that operating funds and non-referendum debt are insufficient to cover the needs. The committee agreed that it will be important to keep in mind and plan for the upcoming needs.

Reception of Visitors

No comments were made at this time.

Adjournment

Darren Hughes moved and Jim Swider seconded the motion to adjourn the meeting. Motion carried.

Adjourn

Meeting adjourned at 7:56 a.m.