

**GENEVA COMMUNITY UNIT SCHOOL DISTRICT NUMBER 304
227 NORTH FOURTH STREET, GENEVA, KANE COUNTY, ILLINOIS
FINANCE COMMITTEE MINUTES**

The Board of Education Finance Committee met at 6:00 p.m. on Monday, December 10, 2012, at Coultrap, 1113 Peyton, Geneva, Illinois.

1. CALL TO ORDER

The meeting was called to order at 6:02 p.m. by Chairman Wilson.

Committee members present: Kelly Nowak, Bill Wilson. Late: Mike McCormick (6:20 p.m.).
Absent: None.

Administrators present: Donna Oberg, Assistant Superintendent Business Services; and Dr. Kent Mutchler, Superintendent.

Others presents: Dan Garrett, Tom Anderson, Mary Stith, Mark Grosso.

2. PUBLIC COMMENT

None.

3. APPROVAL OF MINUTES

3.1 November 5, 2012

Motion by Nowak, second by Wilson, to approve the minutes as presented. Ayes, two (2).
Nays, none (0). Motion carried unanimously.

4. DISCUSSION/CONSIDERATION

4.1 FY 2013 Levy

The Committee Chair reported there have been many questions about reserve funds and provided a response to the questions concerning the following: the current reserve amount and funds they are in; whether they are restricted or unrestricted; the impact of payment/non-payment from the State; the impact of not levying on new construction; the long-term impact of a zero percent levy on the reserve balance and future tax rate increase; the impact of possible pension liability if it's shifted from the State to the local school district; options for lowering/balancing future debt payments – abatement refinancing; the impact of reducing reserves now vs. timing until the debt can be refinanced.

The Chair reported the following: the Committee will look at abating anything above \$15 million dollars in the Education Fund; a portion of the reserves is earmarked for debt payment; the State's third quarter payment is late; the Working Cash Fund interest is used for the fund in greatest need; the Education Fund is not used to pay debt; the \$15 million amount was set because it represents two months of bill and salary payment; the State is still late on one payment from last year and we haven't received all of this year's payments; the June 30, 2012 ending balances are only a "snapshot" in time and some of the existing balances are significantly lower; even though there isn't much new growth in Geneva, and even if we only levy 1.5%, the District will lose money; PMA ran five-year levy scenarios and the long-term impact of a zero percent levy has significant, long-term tax impact in future years and limits the district's financial flexibility, financial rating, fund balances and its ability to provide any abatement relief to taxpayers; debt restructuring requires significant cost to the district; the least cost to provide relief to taxpayers is through abatement.

Questions from the audience:

Has the Committee looked at refunding in 2015?

Yes, but there are no callable bonds. Our bound counsel is constantly monitoring the market and the District did use \$500,000 to pay off some of our debt. We don't want to "kick the can

down the road,” and we do want to pay down the debt at the least cost, which is currently through levy and abatement. We will continue to monitor options to determine the best course of action. We are trying to keep the tax rate at the same \$14.8 million.

It seems to me it's better to hold the levy at 0% this year. The District doesn't have to levy 0% for five years.

No, we don't have to levy 0% for five years but a 1.5% levy this year puts the District in a position where we can help taxpayers. The choice is do we help them on the front end or the back end? Some of the abatement funds will be spread out in order to provide tax relief for a few more years. We'll do the best we can and hope assessed values climb in future years. The goal is not to increase reserves but to be able to allow for more financial flexibility. The Board is continuing to pay down reserves but many of the reserve funds are committed dollar amounts.

5. FUTURE AGENDA ITEMS

5.1 Abatement

Future abatement discussions will occur in January 2013.

This year, we have to pay the balance from FY2012, then carry over for abatement for the next two years. After 2015, we could be short \$1.4 million.

6. ITEMS FOR RECOMMENDATION TO FULL BOARD

None.

7. ADJOURNMENT

At 6:31 p.m., motion by McCormick, second by Nowak, and with unanimous consent, the meeting was adjourned.

APPROVED _____
(Date)

_____ CHAIRPERSON
(William R. Wilson)

RECORDING
SECRETARY _____
(Dr. Kent Mutchler)