

**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, February 9, 2015, at Williamsburg Elementary School, 1812 Williamsburg Avenue, Geneva, Illinois.

1. CALL TO ORDER

The meeting was called to order at 6:00 p.m. by Bill Wilson.

Committee members present: Kelly Nowak, Bill Wilson, Tom Anderson
Late: Dave Lamb

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

Others present: Mitchell Belon, Taylor Egan, Mary Stith, Christina Kovarik, Barbara Freeman, Leslie Juby, Mark Grosso, Mike McCormick

2. PUBLIC COMMENT

None.

3. APPROVAL OF MINUTES

3.1 January 12, 2015

Motion by Nowak, second by Wilson, to approve the minutes as presented. Ayes, two (2) Nowak, Wilson. Nays, none (0). Absent, one (1), Lamb. Motion carried unanimously.

4. DISCUSSION/CONSIDERATION

4.1 MB Financial Banking Services Review

Mitchell Belon from MB Financial presented to the committee an update on the banking relationship with the District. He highlighted some of the positive changes that have been made over the past few years.

- Transition – began in September of 2012
- “Deposit Express” Remote Deposit Capture – added remote check scanners at GHS & Central Office
- “Cash Express” Smart Vault Technology – smart safe was added at GHS in October of 2014
- Check Positive Pay and ACH Positive Pay – fraud protection
- Safety, Security and Dual-Control – all transactions require two people to process
- Convenience and Efficiency
- Bank Service Charges and Stewardship of Funds – service charges have been eliminated saving the District approximately \$63,000 since 2012

Board comments, questions, discussion: How often do you send a reconciliation report to the District? (You can create the report online, which is available 24/7. The District does go in every day to reconcile checks.) Are you sweeping accounts every night? (No. Sweeping accounts has been gone for about 5-6 years now. Donna manages manually.) At the end of the day is there a PEG account? (No.) What is the earnings credit rate? (It is 20-30 basis points or .2 - .3 percent. The District is receiving a higher rate.) What was the cost of the safe and the scanners? (These items are leased with a monthly fee that is covered by balances. The check scanners run about \$100/month until they are paid for and the safe runs about \$650/month.) In addition, the high school also had an accounting room put in this past summer that can be locked. This is where the check scanner and safe are located. We would like to thank MB Financial for working with us.

4.2 Bond Abatement Update

Donna Oberg, along with Elizabeth Hennessey (via conference call) presented an updated pre-preliminary budget for 2015-2016 based on requests from the Board during the last

presentation on this topic.

Board comments, questions, discussion: Are the rates you use for refunding current or cushioned? (There is a very small cushion, but they are current.) It may be an aggressive assumption given what rates are today. (Correct.) I still have some concerns about 2016. We could choose to abate more from other funds. (This would mean we would have to think about where we would draw funds from.) Do we pay back the working cash? (Yes, if you want to keep the \$14 million balance.) This gives a good detail of some choices. The good news is that we are getting closer to 2017, and that's our first opportunity for calling bonds. I think Elizabeth put in for both refund and defeasance. This gives us what we were hoping for in terms of a starting point. These are both good options, but by waiting longer we can collect not only the surpluses which are granted in the fall of 2015-2016 but also the surplus from June of 2017. I liked the last time when you did the same scenario and bumped it up a percent. If we do that, can we make sure that O&M and Tech are at a worst case scenario? (I will. The plan that is in there now is last year's plan.) If in 2015 and 2016, where we dropped down to \$12 million, if that money were to be used for defeasance instead of abatements, what would that do? (The problem with that is that we need the money to reduce the \$21.7 million. Lowering this amount is more effective.)

4.3 Preliminary Budget w/O&M Plan & Tech Plan

Donna Oberg reported that she was asked to take the Tech Plan and O&M Capital Plan, and incorporate it into a pre-preliminary budget. I did the best I could with the numbers I had available to me at this time. Our property tax levy for this fall will be at a 1% basis because it's on the 2014 levy. We had a 1.7% CPI at that time; however we took the 1% instead of the 1.7%. For the 2015 levy, we did project the full CPI of 1.5% which will come in the spring of 2016. For State, Federal and local levels, I projected the amounts based on the current information I have received. On the bus buy back, I put that as two years with one half in June of 2016 and the other half in July of 2016. The state funding reform was not adjusted in this budget, because I do not have any definites yet. On the expenditure side, salary costs are projected at a 2-2.65% increase, benefits are projected at a 6% increase; purchased services, supplies, and capital outlay are level, with the adjustment for the O&M, Security, and Technology Capital Plans for 2015-2016. The projected beginning fund balance for 2015-2016 is \$51,813,142, the projected revenue is \$96,894,953, and the projected expenditures are \$101,035,251, which will leave us with a \$47,672,844 projected ending fund balance for 2015-2016.

Board comments, questions, discussion: Can we add footnotes? (Yes.) I would also like to see a budget with the worst case scenario just for a sense of how we might need to prioritize. (It's hard to know what numbers to put in the budget. When I get some actual numbers I can do this.) Are you talking about not implementing computers into 6th grade? (There were some ideas brought up on this. Just wondering where we might have room to wiggle.) We could implement computers at the high school and not at 6th grade. O&M is pretty lean. Taking what was said about SB16 or now SB1, we can only make assumptions. The 5th grade class is relying on computers, so we may need to translate how this would effect 6th grade? (We need to look at this along with our expenditures.) Did you use the original Tech Plan? (Yes, and it includes 4th and 6th grades.) I think we need to move forward with a lower CPI. We are moving reserves down, so we need to work hard on this budget. When does the Tech Plan roll out? (It goes to the Board in March.) If we can do both grades that would be great, but we do need to look ahead. I question both grades and think we may need to talk to the teams. There have been conversations with the teachers, so will this topic be brought back to the Board? (It will be brought back along with potential options.) PMA does show fund balances at year end but low balances give us more information. I would like to see a chart with low end balances. We will review the pre-preliminary budget again at the next Finance meeting in March.

4.4 CAFR Review

We will bring this forward to the next Finance meeting.

4.5 2nd Quarter Financial Report

5. FUTURE AGENDA ITEMS

5.1 March

- 2015-2016 Budget Presentation w/O&M Plan & Tech Plan
- School Fees Review

6. ITEMS FOR RECOMMENDATION TO FULL BOARD

7. INFORMATION

- 7.1 Standard and Poor's Rating
- 7.2 Legislative Update

8. ADJOURNMENT

At 7:03 p.m., motion by Lamb, second by Nowak, and with unanimous consent, the meeting was adjourned.

APPROVED _____
(Date)

William R. Wilson CHAIRPERSON

SECRETARY _____
Dr. Kent Mutchler

Bonnie J. Johnson RECORDING
SECRETARY