



**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 5:45 p.m. on Monday, September 10, 2018, at the Coultrap Educational Services Center, 227 North Fourth Street, Geneva, Illinois

1. CALL TO ORDER (Bylaws 0163 & 0164)

The meeting was called to order at 5:48 p.m. by Kelly Nowak.

Committee members present: Tom Anderson, Mike McCormick, Kelly Nowak.
Absent: Dave Lamb.

Staff present: Todd Latham, Coordinator Business Services; Dr. Dean Romano, Assistant Superintendent of Business Services; Dr. Kent Mutchler, Superintendent.

Others present: Scott Duenser, Elizabeth Hennessey, Leslie Juby, Mary Stith.

2. PUBLIC COMMENT (Bylaw 0167.3)

None.

3. APPROVAL OF MINUTES (Bylaw 0168.1)

3.1 August 13, 2018

Motion by McCormick, second by Anderson, to approve the minutes as presented. Ayes, three (3) Anderson, McCormick, Nowak. Nays, none (0). Absent, one (1), Lamb. Abstained, none (0). Motion carried unanimously.

4. DISCUSSION/CONSIDERATION (Bylaw 0155)

4.1 Discussion of Debt Service Fund Balance – Elizabeth Hennessey

Elizabeth Hennessey shared with the committee the debt restructure plan update addressing tax rates and equalized assessed value (EAV). Restructuring portions of the \$79,990,000 Series 2007 referendum approved bonds, combined abatements, defeasance and refunding, reduced the debt service levy, which in turn, reduced the debt payments and eased the burden on taxpayers. The District instituted a policy to use Education Fund surplus revenue above the \$15 million minimum fund balance for abatements and defeasance.

On November 13, 2017, the District approved a transfer resolution for the Education Fund for \$2,423,857 and an abatement resolution in the amount of \$1,200,165. However, the District did not approve a resolution transferring \$1,200,165 from the Education Fund to the Debt Service Fund to pay debt service on the Series 2001 Bonds to actually pay for that abatement. That payment is coming due on January 1, 2019, and to maintain an adequate fund balance in the Debt Service Funds, we recommend making the transfer from the Education Fund now.

Comments, questions, concerns: Does the projected end balance reflect the \$1.2 million? (Yes.) Once money is moved into the Debt Service Fund, you cannot move it back, correct? (There is always the opportunity to discuss moving funds, but it

would not be recommended to move them back.) We do need to keep a balance in that fund, because there are people who dispute their taxes. The Board made the decision to do this, and so we need to move these funds. In not transferring the funds sooner, did we incur any cost? (No.)

4.2 Fund Balance Transfer Resolution

Dr. Romano shared that this is the resolution that needs to go forward to the Board for approval at the next meeting. He is recommending the committee approve moving this resolution forward to the full Board to transfer \$1,200,165 from the Education Fund to the Debt Services Fund.

4.3 Treasurer's Report Review & Discussion

Dr. Romano shared with the committee that, on an ongoing basis, the business office prepares financial statements to be shared with the Board and public to make readily available the financial activity of the District. He is asking that the committee share what information has been a benefit within the monthly reporting and if a change in format should be considered. Scott Duenser, from Klein Hall CPA's, is here to answer any questions and make suggestions.

Comments, questions, concerns: As you have traveled around to other districts, are there things we are not capturing that we should be? (One thing I've seen that might make it easier would be to break out the accounts. This would make it easier to reconcile.) We could bring a draft forward for suggestions. There is currently a threshold of \$10,000 for this report. Is this where you want the threshold to remain? (Yes.) We keep track of funds not received, but some districts pull this out. (This is important to have. It doesn't need its own page, but it should be labeled.) Do you want to see the activity accounts broken out? (Not sure we need this much information. It might be too cumbersome.) The PTO should have their own account. (As long as finance has the information, and we can get access to it, then that's fine.) Is there a way to show year over year for the accounts that will be active every year? (This would be found under the year-to-date in the historic.) If there are operating expenses year after year that are different, then would we see them? (Yes.) Thanks to Dr. Romano and Scott Duenser for their work on this.

4.4 Fund Balance Discussion

Dr. Romano shared that the district has a 30% fund balance policy. Currently, there is one fund that is slightly under the 30%. The committee needs to decide if this should be across the board for all accounts or each individual account. It will have a long-term effect if you expect this for each individual fund. We have a high financial rating, and doing something like this will be to our benefit. We do not need to change our policy, just our practice.

Comments, questions, concerns: How far below the 30% is this account? (It's at 27%.) Do you want it across all funds or individual funds? (Individual funds.) When you present this to the full Board, make sure that you point out the levy.

4.5 Financial Assumptions

Dr. Romano shared that, on an annual basis, the business office will prepare financial assumptions to be used for the district's levy and budgeting processes. He would like to have a discussion on revenue and expenses.

Comments, questions, concerns: The key driver on the revenue side is the CPI. We went conservative with 1.8%. (We favor being on the conservative side.) EAV is very important. In years past, this has been low. We were at \$2.03 this past year. We have seen a range of \$12-\$15 million with new construction. We chose to go with \$12 million to be conservative. Not sure how the loss of funds due to TIF's effects this. We should track money not received based on TIF's. We are losing about \$7.5 million in property taxes due to TIF's. For evidence-based funding, you

will see that last year is the new base for this year. We are placed in the highest tier and will receive a nominal amount of money. It will be about \$6,000 in new funds. We are in the 87% reimbursement level for State Categorical Funding. The CPPRT has shown little growth this year, about \$20,000. In the future, we are projecting a flat dollar amount in this. The State legislature took these dollars away from us to fund the ROE. You can expect conversations about the food service for next year regarding the debt we allow students to accumulate on their accounts. There will be no major changes in Special Education IDEA funds. Medicaid is different, because we can get reimbursed for students who qualify. It is recommended that we look at this in the future though. There will be a slight increase in health insurance this year. O&M is preparing their Capital Plan that will be incorporated into the overall budget. We might want to consider adding a fixed dollar amount for the Life Safety Project to meet the needs as they come forward. We don't foresee major changes in staffing and enrollment, but we will monitor these on an annual basis. Our next step is to formalize this planning. Once we get through this, we can plug it into a modeling system to project where we are likely to be. Thank you to Dr. Romano for all of his work on this.

5. FUTURE AGENDA ITEMS

5.1 October

- Initial Levy Presentation

6. ITEMS FOR RECOMMENDATION TO FULL BOARD (Bylaw 0155)

Motion by McCormick, second by Nowak, to move item 4.2 to the full Board as presented. Ayes, three (3) Anderson, McCormick, Nowak. Nays, one (1), Lamb. Absent, none (0). Abstained, none (0). Motion carried unanimously.

7. INFORMATION

7.1 Legislative Update

There is nothing new to report at this time.

8. ADJOURNMENT

At 6:46 p.m., motion by McCormick, second by Anderson, and with unanimous consent, the meeting was adjourned.

APPROVED _____
(Date)

_____ CHAIRPERSON
David Lamb

SECRETARY _____
Dr. Kent Mutchler

_____ RECORDING
SECRETARY
Bonnie J. Johnson