

**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, April 14, 2014, at Williamsburg Elementary School, 1812 Williamsburg Avenue, Geneva, Illinois.

1. CALL TO ORDER

The meeting was called to order at 5:45 p.m. by Chairman Wilson.

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

Administrators present: Elizabeth Janowiak, Director of Technology; Scott Ney, Director of Facility Operations; Todd Latham, Coordinator Business Services; Donna Oberg, Assistant Superintendent Business Services; Dr. Kent Mutchler, Superintendent (5:46 p.m.).

Others present: Leslie Juby, Madeline Lalonde, Lauren Livingston; Mary Stith, Mark Grosso, Susan Sarkauskas (Daily Herald)

2. PUBLIC COMMENT

None.

3. APPROVAL OF MINUTES

3.1 March 10, 2014

Motion by Nowak, second by Lamb, to approve the minutes as presented. Ayes, three (3). Nays, none (0). Motion carried unanimously.

4. DISCUSSION/CONSIDERATION

4.1 2014-2015 Preliminary O&M and Transportation Budget

Latham reviewed the revenue and expenditure assumptions for the 2014-2015 preliminary O&M and Transportation budget. Assumptions included the following: State reimbursement levels were maintained at the 2013-2014 level; bus buy-back program includes 26 seventy-one passenger buses; salary increases are calculated per employee agreements; benefit increases reflect a ten percent increase; increased fuel/energy costs; facilities capital plan and comprehensive technology plan assumptions. The O&M budget included expenditures for the ten-year life-safety survey that will need to be completed next year. A lower amount was projected for capital improvement because the Coultrap project was completed.

Preliminary Transportation Budget projections:

Revenue \$7,418,787; Expenditures \$5,138,810; Surplus \$2,658,434,

Bus Buy Back \$1,642,968; Bus Security Cameras \$2,021,425 and Transfer of \$1,900,000 to the Ed Fund = Surplus of \$379,977

Projected Beginning Fund Balance +\$3,187,540; Revenue +\$5,775,819; Expenses - \$3,117,385

Projected Ending Fund Balance +\$3,567,517

Preliminary O&M Budget projections:

Revenue \$9,590,893; Expenditures \$11,742,960; Deficit \$2,152,067

Projected Beginning Fund Balance +\$5,616,332; Revenue +\$9,590,893; Expenditures - \$10,175,760; Tech Plan \$279,200; Capital Improvement Plan \$1,288,000

Projected Ending Fund Balance +\$3,464,265

Discussion, comments, questions: Was there an extra state payment in categoricals? (No, we projected \$1.79 million this year and are allocating the same amount for next year. We got five payments the previous year because one came late from the year before.) The cameras are the ones approved previously, correct? (Yes, part of the phased in purchase of security cameras – we did 10 this year and will do 10 next year.) A Transportation Supervisor position will be eliminated. (Correct.) It appears that in some areas we didn't spend

anywhere near what was budgeted this year and I assume that is because the amounts are only through March. (Correct. Cell phone costs are paid out of Transportation and the amount transferred at the end of the year.) What about special education and Fox Valley Career Center? (We still have payments that haven't been paid for March, April and May and we will use most of those funds.) I believe there is a contingency fund in the Transportation Fund of about \$25,000. (Yes. There is no contingency built in the line items.) Regarding Special Ed levy and transfer, are we thinking about how we might approach that in the future or is this going to be a permanent part of transportation? (No. We originally levied in Special Education but were told by the Clerk that we couldn't. However, that information was incorrect. Next year, we can levy in special education.) Are the architectural fees associated with life/safety? (We'll have some architectural fees for the ten-year health/life-safety study.) Why the jump in funds for hall supervision? (We want to add two security positions at the high school, one at the Logan entrance and one at the McKinley entrance in order to monitor those doors and hallways.) What are summer salary increase for? (Adding summer workers which is a less costly labor force.) Will we see a corresponding drop in grounds staff costs? (Yes.)

4.2 Cash Flow Update

Oberg reported that the period covered eighteen months, October 2013 to March 2014. We are, overall, higher for total funds than last year. Education went from \$9.5 million to \$8.8 million. Today, Education is slightly above \$6 million. Keeping \$15 million in the Ed Fund as reserve to get us through until we receive early tax dollars will just about keep us from having to borrow funds from cash reserves. We have one more payroll in April and two in May. Hopefully, we get early tax dollars at the end of May. Want the Finance Committee to be aware that the cash flow is working and I don't know how much below \$15,000 million we want to go. Bond and Interest went from \$6.9 million to \$10.6 million due to the transfer of funds to cover abatement. It is important to remember that these funds go up and down throughout the year. In September/October, there were very high fund balances but by March/April, we are really low.

Discussion, comments, questions: Does the \$15 million include Working Cash? (No, it does not.) The \$10,000,000 transfer for abatement is not liquid anymore, even though we show about a \$42 million balance, it is actually closer to about \$31 million. (Correct, it is restricted and we can't touch it. IMRF and TORT are also restricted funds. Working Cash Fund is not restricted.) So, about 25% of those funds are not available to us. (Correct. Because we are capped, we've hit our maximum levy rate in O&M for the last three years, and the levy amount we receive in property taxes in O&M has gone down.) This is good information for the Finance Committee to have. It is especially important for the community to know that we don't have large reserves. Many of the dollar amounts are restricted and not available for us to use. I would like to know the dollar amounts that are restricted and unrestricted. I'd like to see where we are in terms of the 30% we are required to maintain per Policy 6220, "Unrestricted reserves in the operating funds shall be maintained at a level equal to 30.0% of the operating budget." [The operating budget is composed of the education, operations & maintenance, transportation, retirement, tort immunity and the working cash funds.] (The 30% amount is represented by the red line in the 18 Month Ending Balances graph report provided in the packet for this meeting.) Most months we do hover around the 30% goal. What does the 30% represent? (It is just in the operating funds.)

5. FUTURE AGENDA ITEMS

5.1 Treasurer Report Survey

Oberg reported that Latham surveyed other school districts to determine what financial information they provide to their Board members each month. We received a couple of sample documents that will be shared at next month's Finance Committee meeting. Nowak noted that she, too, had a sample that she liked visually and would share. Oberg indicated that starting July 1, 2014, she would like to have a new Treasurer Report format but first she needed to know what type of information the Board feels would be beneficial for them to receive.

Discussion, comments, questions: Would like color-coded and use of graphs, when possible. Would be good to see data from past years for comparisons, perhaps three years worth. Would like to see “snap shots” of the last several years. Don’t feel we need to change all our current reports at once. Start slow adding new reports/formats; i.e., restricted vs. unrestricted; highlight where we are in terms of our 30% goal required in Policy 6220. Is there a way to create a report showing only the expenditure amounts that went above a certain level in order to see where the money is going? Would like to see a report showing where the budget went up the most. Would like to see the “month-to-month” story.

5.2 Third Quarter Report

This report will be provided in May.

5.3 2014-2015 Education Budget

The preliminary Education Fund Budget will be available at the May meeting. The entire preliminary budget will go to the full Board in June and will be posted for adoption in July.

The Committee Chair reported that the debt reduction plan would be discussed at tonight’s (4/14/2014) Board meeting. He noted that he had added a section on the history of the discussions and desired goals. (Section “c” and “d” will need clarification during discussion at the Board meeting because they contradict each other.) The intent is that our preference is to pay off debt rather than refinance, but that we are aware that some portion of the debt may be extended. (If the Board wants to adopt this plan, it will need to be amended. Also, the Board may need to clarify in which fund the dollars would be placed.) Do we know how much interest would be generated? (It depends. We won’t know until we invest it. Currently, interest is very low on all of our investments.)

6. ITEMS FOR RECOMMENDATION TO FULL BOARD

7. INFORMATION

7.1 Legislative Update

Committee members indicated they were aware of some proposed legislative changes regarding general state aid and funding by districts. (Oberg reported that she had heard of some proposals for funding schools differently but she had nothing specific to report at this time. Geneva doesn’t receive a lot in general state aid; only about \$2.2 million including categorical funding. Changes could impact the amount of funding the District receives for categoricals.) The concern is that funding changes would divert funds from districts to Chicago by reducing our categorical funding.

7.2 Status of State Funding

Where are we with payments for this year? (The first quarter payment of \$980,783.82 was received in December 2013. The second quarter payment of \$988,929.32 wasn’t received until March 20, 2014. On January 30, 2014, we received our third quarter payment of \$666.65.) Is the state working a quarter behind? (The state is always behind at least by on quarter and often by more.) The first quarter is July? (Yes. The free lunch/breakfast payments are always late. The cumulative total we should have received is about \$3.5 million. To date, we have only received \$1.9 million.)

8. ADJOURNMENT

At 6:38 p.m., motion by Nowak, second by Lamb, and with unanimous consent, the meeting was adjourned.

APPROVED _____
(Date)

William R. Wilson CHAIRPERSON

SECRETARY _____
Dr. Kent Mutchler

Pamela S. Burgeson RECORDING SECRETARY