



Work Group Meeting
October 23, 2017

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Agenda

- **Welcome** - Dr. Joylynn Pruitt-Adams
- **District 200 Finances** - Tod Altenburg / Karin Sullivan
- **Consulting Architects** - Mike Poirier / Michael Dolter
- **Work Team Information Sharing** - All
- **Work Team Breakout Time** - All
- **Next Steps** - Lynn Kamenitsa and Mike Poirier

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Lynn will review the agenda.

What's a Fund Balance?



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- Thought it would be helpful to provide a very basic, high-level overview of district finances.
- Term you hear a lot when discussing D200 finances is “fund balance”-- what exactly does that mean?
- In simplest terms, you can think of the district’s fund balance as the sum of its revenues or assets minus its expenditures or liabilities.

The District 200 Fund Balance

Fiscal Year 2018 Budget	Totals
Unaudited Fund Balance as of July 1, 2017	\$98.5 million
Budgeted Revenues for FY 2018	+ \$78.2 million
Budgeted Expenditures for FY 2018	- \$78.1 million
Transfers to Debt Service Fund & Capital Projects Fund	- \$3.6 million
Estimated Fund Balance on June 30, 2018	\$95.0 million (121% of expenditures)

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- Here's a summary of D200's current fund balance.
- Our fiscal year runs from July 1 to June 30.
- [Review figures on slide]
- Having an adequate fund balance is good fiscal policy, for a whole bunch of reasons. A healthy fund balance:
 - Stabilizes year-over-year educational performance
 - Supports growth of educational programs
 - Minimizes educational service disruptions
 - Maintains cash on hand for unanticipated cash-flow shortfalls or emergency situations (such as when Cook County was woefully behind in distributing tax dollars to school districts)
 - Enhances a district's credit rating, which lowers interest costs for borrowing
- How big should a fund balance be? In order to receive the highest rating from the Illinois State Board of Education a district must maintain a minimum of a 25% fund balance.

Fund Balance Goals



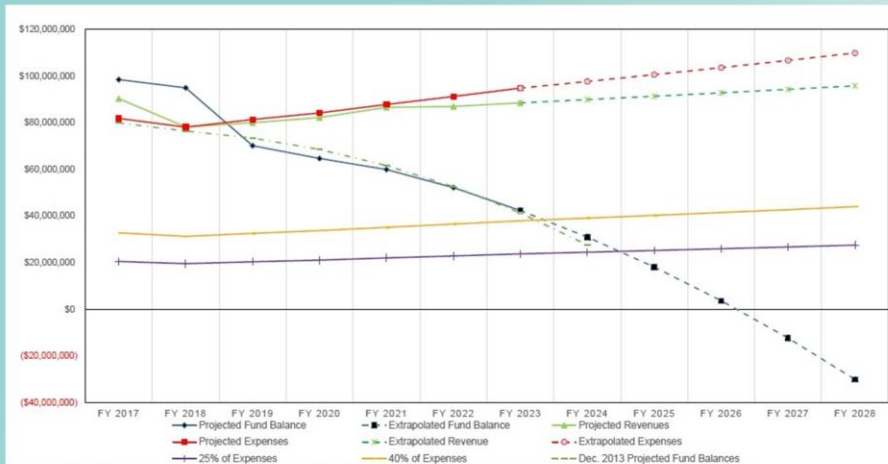
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- Currently at 121%, D200 fund balance is obviously quite a bit higher than the 25% benchmark.
- Size of the fund balance became such a concern [unnecessarily high tax levels, community distrust] that in 2013 the Board created the Finance Advisory Committee to examine the fund balance.
- FAC came up with several recommendations:
 - Bring the fund balance below 40% but no lower than 25% within eight to 10 years. More on that in a minute.
 - Reduce the tax levy for several years. Over four years, D200 cut its portion of the tax bill by more than \$30 million. The compounding effect of the reductions was projected to save taxpayers a total of \$72 million over 10 years.
 - Begin planning for referendum when five-year projections show the fund balance approaching 25%.
- A quick word about referenda--they are unavoidable.
 - Illinois tax cap laws are beneficial for homeowners--they limit how much school districts can raise taxes each year.
 - But from a school district perspective, annual increases in costs tend to outstrip what a district can cover with limited tax increases.

- Eventually a district is spending more money than it's bringing in--this is deficit spending.
 - District begins deficit spending this fiscal year [i.e., our expenses are higher than our revenues].
 - When a district's cash reserves get low enough, it goes to the community to ask for permission to raise taxes beyond the tax-cap limits. This is an operating referendum--it raises funds to keep the district operating.
 - If the community says yes, the district can avoid running out of reserves.
 - For many districts, this boom and bust cycle typically repeats roughly every decade or so--or sooner.
- District 200 last held an operating referendum in 2002.

Current Five-Year Projections



- So where is D200?
- [Explain chart--takes into account \$20 million earmarked for facilities + \$3.5 million/year for summer construction work].
- Additional money taken from fund balance will shift the timeframes sooner.

Consulting Architects

Introduction: Perkins + Will

- Mark Jolicoeur
- Michael Dolter
- Rick Young

Role of the Consulting Architect in this process

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Mike will review

Work Team Information Sharing

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Lynn will moderate this section

Work Team Breakout Time

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Next Steps / Next Meeting

Community Engagement Meeting - November 15, 2017
South Cafeteria

Next Imagine Group Meeting - November 20, 2017
Staff Cafeteria

- Dinner available at 6:00 p.m.
- Meeting starts promptly at 6:30 p.m.

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Next Steps / Next Meeting

Next Imagine Group Meeting - November 20, 2017

By that time, each team should have:

- Completed the Intensive Research Phase of the Roadmap:
 - Defined the current capacity of your facilities
 - Defined the current demand on your facilities
 - Determined how capacity might change without intervention
- Completed **part** of the Assessment & Planning Phase of the Roadmap
 - Determine / Define future demand on your facilities
 - Compare future demand with current capacity
- Refined your estimate of the time required to complete all three phases of this work

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Lynn will cover this information.

Thank You !

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