

BOARD OF EDUCATION
COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

Minutes of the Committee-of-the-Whole: Review FY18 Budget Meeting
held at 7:30 p.m. June 12, 2017
Jefferson School-Multipurpose Room
8200 Greendale Avenue, Niles, IL 60714

Board President Anthony Borrelli called the meeting to order at 7:30 p.m. Other Board members in attendance were Eastman Tiu, Mark Eggemann, Rick Biagi, Tom Sotos, Larry Ryles, and Fred Sanchez. Also present were Superintendent Laurie Heinz, Chief School Business Official Luann Kolstad, Assistant Superintendents Lori Lopez and Joel T. Martin, Director of Innovation & Instructional Technology Mary Jane Warden, Director of Student Services Jane Boyd, Assistant Chief School Business Official Brian Imhoff, Public Information Coordinator Bernadette Tramm, and one member of the public.

Board of Education meetings are videotaped and may be viewed in their full length from the District's website at: <http://www.d64.org>.

Board President Borrelli announced that the special meeting this evening had been cancelled due to the illness of the Board's legal representative who was to lead the orientation.. He asked Board members to update their availability with him and Dr. Heinz for a July 17 tentatively scheduled regular Board meeting so that the presentation could be rescheduled to that time. He then reviewed the agenda for the June 26 regular meeting, and also offered congratulations to the District's graduates and staff members achieving milestones at year-end.

Board President Borrelli announced that on June 6, he and Board member Eggemann as the Board's representatives had participated in another meeting for labor negotiations with the District's custodial, maintenance and clerical workers now being organized under the Illinois Federation of Teachers as the Support Staff Council. He reported that the group continues to hammer out tentative agreements, in line with other established contracts in the District, centered on working conditions. He stated that at the next meeting, which is scheduled for June 28, 2017 at 5 p.m, he and Board member Eggemann would propose the financial position of the Board to the group. He noted that a complete update would be presented to the Board at the next regular meeting.

As a follow up to the topic of Board committees raised at the May 1, 2017 reorganizational meeting, Board President Borrelli reminded that two members were needed to serve on the Board Policy Committee, the Board's sole standing committee. Board members Ryles and Tiu volunteered to serve as the Board's representatives, and were so appointed. Board members then segued into a discussion of establishing additional committees of the Board, such as Finance, Facilities or Personnel, and of establishing advisory committees to the Board, such as a sustainability committee. Board members

offered insights into the utility of both types of committees. Board President Borrelli pointed out that the Illinois Association of School Boards (IASB) representative Barb Toney would be providing useful perspectives on the roles, functions and operations of committees during her orientation workshop, and that a more fruitful discussion could be conducted at that time. He noted that it was unfortunate that the orientation planned for May 30, 2017 had been cancelled due to the unavailability of all Board members to participate, and that the earliest possible date was being sought to reschedule this important orientation.

Board President Borrelli invited public comments on items not on the agenda; none were received.

Board President Borrelli said the purpose of the Committee-of-the-Whole was to review the first draft of the tentative budget for the 2017-18 fiscal year. CSBO Kolstad and Assistant CSBO Imhoff began their presentation with a review of the budget cycle, from development of the budget initiated in winter through formal adoption in September, and moving to the tax levy cycle that concludes in December. They pointed out that the Board would be asked at the June 26, 2017 meeting to approve a tentative budget, and to announce a schedule for a public hearing and provide required notices of it, as well as to offer other opportunities for public comment. They pointed out that the budget would continue to be revised as new information becomes available, such as the actual staffing needed based on enrollment as the new school year opens in August. They confirmed that the budget in its final form is expected to be officially adopted on September 25, 2017, and that the tentative budget -- and any updates made later in the summer -- will be posted on the District website. Prior to the detailed budget presentation, Board members discussed whether the preliminary draft materials provided to the Board for its initial preview and discussion this evening should also have been posted publicly as part of the meeting report on the District 64 website. It was the consensus of the Board that in the future, documents not related to confidential matters would be shared as part of the public packet posted to the District website with the other meeting materials.

CSBO Kolstad and Assistant CSBO Imhoff noted that the District utilizes a zero-based budgeting approach, and that budgets are prepared based on what each area and department, such as student learning or facilities, actually will need for the coming year, as driven by the *2020 Vision Strategic Plan* objectives to be accomplished in that year. They then provided an overview of the major accounting funds that the District uses as required by state law, which are divided between Operating Funds including Education, Operations & Maintenance, Transportation, Retirement (Illinois Municipal Retirement Fund), Retirement (Social Security/Medicare), Working Cash, and Tort, and non-Operating Funds including Capital Projects and Debt Service. They also pointed out the numbering system utilizing fund, function, and object for each line.

CSBO Kolstad and Assistant CSBO Imhoff then conducted a walk-through of the first draft of the tentative budget to highlight the major drivers in the budget and the sources of information that were used, and pointed out some of the items with variances or changes facing the District. Throughout this

review, CSBO Kolstad, Assistant CSBO Imhoff and Dr. Heinz provided clarifying information in response to a wide range of Board member questions about the budget in general and specific items in particular.

Regarding revenues, they noted that 85% of District 64 revenues are from the property tax levy. This year, administration continued to shift its tax levy dollars from the Education and Operations & Maintenance Funds, which are capped at 3.5% and .55% respectively, into the Special Education and the Transportation funds to avoid potentially reaching the cap and losing funds the District is entitled to receive. They pointed out that funds shifted to the Transportation Fund may be moved to other funds in need through a formal Board resolution. They then reviewed the other revenue categories in turn, noting especially that the state has only made one payment on the categorical grants for special education and transportation owed to District 64 for the 2016-17 school year, and therefore, have included the remainder of \$1.5 million owed to District 64 in the 2017-18 budget. They further noted that no amounts for 2017-18 categoricals at all have been budgeted, but that payment of General State Aid has been budgeted. After reviewing revenues across all the funds, they summarized by noting that the budget currently stands at \$74,962,723 in Operating Fund revenues for 2017-18.

Turning to expenditures, CSBO Kolstad and Assistant CSBO Imhoff focused the most attention on the Education Fund, which similarly accounts for the preponderance of expenditures each year. They pointed out that the budget now allows the cost of various programs of instruction to be clearly identified, and then reviewed the data used for the major expense objects, such as salaries, benefits, professional services, materials and supplies, and so on. They reviewed the expenses related to elementary education and then middle school education, and pointed out where the enrollment and staffing projections had been utilized in building the budget. CSBO Kolstad and Assistant CSBO Imhoff affirmed that the budget would be updated as final enrollment and staffing are known in August. They pointed out where investments in student learning were reflected, such as expansion of classroom Language Arts libraries, the adoption of science materials for grades 6-8, and a middle school review, among other initiatives. Changes previously approved by the Board to provide a nurse staffed at each elementary and middle school also appear in the 2017-18 budget. Dr. Heinz joined them to provide clarifying information about hiring of new teachers based on the high number of staff retiring in 2017 and in 2018 due to retirement incentives offered as part of the new, four-year Collective Bargaining Agreement reached in September 2016. CSBO Kolstad also pointed out the District would again include a \$500,000 contingency fund in the budget as was done this year, which would not be used without Board approval. She further pointed out the contingency fund had not been used in 2016-17. Director of Student Services Boyd offered further details on special education services provided to parochial schools. Turning to the other Operating Funds, CSBO Kolstad and Assistant CSBO Imhoff again reviewed the major components. In their review of the non-Operating funds, they pointed out that a new Fund 61 had been created to track expenditures from the debt certificates issued in spring 2017 as part of the funding framework created to support the Health Life Safety and Master Facilities Plan critical

infrastructure projects. Overall, they noted that budgeted Operating Fund expenditures for 2017-18 now stand at \$75,097,626.

CSBO Kolstad and Assistant CSBO Imhoff reported that as of this first draft, the District's fund balance would be decreased by about \$1.2 million during the upcoming 2017-18 fiscal year. They pointed out, however, that \$0.5 million in expenditures was the contingency, and that other expenditures are likely to decrease as benefit information for new staff and a wide range of other data is refined over the summer. They invited Board members to call or email with further questions. Board President Borrelli expressed the hope that the District could continue to operate with a balanced budget annually so that fund balance could be preserved despite the higher expenses related to the retirement incentive. CSBO Kolstad noted that the current fiscal year would close on June 30, and that the picture would become clearer after that performance is also considered. She noted that a preliminary look at the long-range fund balance projections would be provided following approval of the tentative budget for 2017-18 and after the current fiscal year has closed.

For the June 26 regular meeting, CSBO Kolstad confirmed that the current year budget would be added to the summary page for comparison purposes and a legend identifying the codes for each school also would be provided.

At 10:54 p.m., upon motion of Board President Borrelli and second of Board member Eggemann, the meeting was adjourned by consensus.

President

Secretary