

**BOARD OF EDUCATION
COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64**

Minutes of the Community Finance Committee
held at 7:00 p.m. April 15, 2010
Raymond E. Hendee Educational Service Center
164 S. Prospect Ave., Park Ridge, IL 60068

Superintendent Sally Pryor called the meeting to order at 7:02 p.m. Also present were Board of Education member Sharon Lawson; CFC members Craig Elderkin and Craig Harter; and Business Manager Becky Allard.

Upon motion of Mr. Elderkin and second of Mr. Harter, the minutes of the previous meeting of February 18, 2010 were approved unanimously.

Review of CFC projects approved by Board of Education

▪ **Alumni Giving**

Messrs. Harter and Elderkin reported that a study group of Leanne Berry, Linda Williger, Jerry Kenney and Paul Sheahan had met recently to identify avenues for further research. The group plans to meet again on April 28. Ms. Williger has a professional colleague that works with foundations that has offered to help; Mr. Elderkin said CFC also would reach out to other community members identified through the strategic plan action team work.

▪ **Spend Management**

Mr. Bergren was unable to attend, but has identified topics for follow up with Ms. Allard based on the analysis of spending for 2008-09 that the study group recently completed. Ms. Allard is prepared to move forward when contacted.

▪ **Comparison of CFC financial projections with new StratPlan model**

Mr. Elderkin stated that he, Jun Lim and Mike Calahan had met to discuss some preliminary comparisons he had prepared between the two models. Mr. Elderkin reported that he had then met with Dr. Pryor, Ms. Allard and Mr. Lawrence Heidemann of StratPlan, the financial consulting firm that conducted the long-range projections presented to the District 64 Board of Education on February 8. He said that the CFC's spreadsheet also had been reviewed by Mr. Heidemann to see how consistent the two were. Mr. Elderkin noted that on the mechanical side, the two follow similar protocols to add up the individual funds into a total. Both models also recognize the restrictions of the tax cap and are both CPI-plus models. He believes that mechanically they are consistent. He noted that generally, the two models also use similar sources of data.

Mr. Elderkin noted that the CFC spreadsheet is just an extrapolation, but that the StratPlan model benefitted from some additional data that became available after the CFC model was formulated and also some further direction provided by Ms. Allard. Mr. Elderkin noted that both projections observe the effects of the "chronic structural imbalance," but that the timing differs of when the District will fall out of compliance

with the fund balance policy of having 33% (120 days) of annual operating expenditures on hand on June 30 each year. The CFC model is earlier and more severe than the StratPlan model and attributed this to a more aggressive forecast for District spending, which compounds. Mr. Elderkin concluded that CFC observations about critical spending variables are the same variables that administration will monitor anyway. CFC agrees that the District has several years of healthy fund balances and therefore has many years to consider any adjustments that might be made. The fact that the District is planning ahead and taking a very long view is what's important. Ms. Allard said it is also significant that the District has its own model and can compare it with a separate CFC model. She stated that it is essential that both be updated periodically at critical times during the year, when new information becomes available, such as when annual CPI is released and when the new fiscal year budget is adopted.

Mr. Elderkin said he would prepare a report on this comparison for Ms. Allard, Dr. Pryor and eventual presentation to the Board.

- **Property Tax Environment**

Mr. Elderkin reported that he and Messrs. Lim and Calahan had discussed key points; he will prepare a report.

- **Transportation Cost Statistics**

Ms. Allard has forwarded a study prepared by her intern to Mr. Bergren, who has reviewed it. Mr. Elderkin stated that Mr. Jeff Bork and Ms. Renate Stolzer also were interested in participating in this study. Ms. Allard stated she would forward the study to them as well.

- **Alternative Revenue Sources**

Mr. Elderkin stated that there were no further reports beyond those submitted by Messrs. Lim and Harter at the last meeting. There was a brief discussion about school districts involved in wind turbine projects, although it was agreed this would not be an option for District 64. Mr. Elderkin will document that the projects have been explored and are not worth pursuing.

April 5 Report to Board of Education – Financial Implications of Recent Legislation

Dr. Pryor distributed copies of the report on District 64's financial condition that had been presented to the Board on April 5. She noted the contrast between our position and those of neighboring districts and the local municipal government. The report identifies the key steps the District, Board and community together have taken to strengthen the District's finances. Dr. Pryor noted that the District had received a perfect 4.0 financial profile from the Illinois State Board of Education and a "financial recognition" designation, which contrasts from the "financial watch" ranking received when she first was named superintendent seven years ago. The District will be spotlighting its secure and stable finances again in a news release and a further report at the April 26 Board meeting.

Projects Pending Board Approval

Dr. Pryor said administration would present a report to the Board on April 26 with recommendations on the studies of special education tuition and an administrative

staffing model proposed by the CFC. The administrative staffing model will be linked to the orientation for the new superintendent and suggested Dr. Sam Mikaelian from Hazard, Young, Attea & Associates that facilitated the superintendent search could provide assistance with this study. Dr. Mikaelian also has many contacts with Northwestern University and others in the academic world that could be utilized as well. Dr. Pryor stated the special education topic is more difficult to address, because much of the information relates to specific students and cannot be discussed by the Board in open session. She reported that meetings have been held individually with Board members to further acquaint them with District 64' special education spending. Mr. Elderkin said he would look forward to the proposal on April 26.

Next Meeting

Mr. Elderkin requested that an informal meeting be scheduled with new superintendent Dr. Philip Bender to familiarize him with the CFC's activities. Dr. Pryor said she would request a summer meeting be scheduled after July 1 when he officially takes over.

Dr. Pryor thanked the CFC for the value that it has added to this District and to her work. She stated that it has made her job easier, knowing that there is a community oversight committee available to review District budgets and financial operation and test some of the assumptions. She thanked everyone for their efforts and expressed the hope the committee would continue to remain vigorous.

The next full CFC meeting will be held on Thursday, June 24 at 7:00 p.m. at ESC. The agenda will include reports on current CFC projects, possible follow up on the two pending projects, and possible new projects emanating from strategic plan implementation for 2010-11.

Dr. Pryor adjourned the meeting at 7:38 p.m.

Minutes submitted by Bernadette Tramm