

BOARD OF EDUCATION
COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

Minutes of the Committee-of-the-Whole on Finance
held at 6:30 p.m. May 24, 2010
Emerson Middle School
8101 N. Cumberland, Niles, IL 60714

President John Heyde convened the Committee-of-the-Whole on Finance meeting at 6:33 p.m. Other Board members present were Genie Taddeo, Eric Uhlig, Russell J. Gentile, Sharon Lawson and Ted Smart. Mr. Fioretto joined the meeting in progress. Also present were Superintendent Sally Pryor, Assistant Superintendents Diane Betts and Sandra Stringer (joined in progress), Business Manager Becky Allard, Director of EIS/RtI Lynne Farmer, Director of Technology Planning & Assessments Larry Sorensen, Director of Pupil Services Kathy Nelson, Director of Buildings & Grounds Roy Jensen, Public Information Coordinator Bernadette Tramm, and three members of the public.

Mr. Heyde stated the purpose of the meeting was to review the first draft of the tentative budget for the 2010-11 fiscal year.

Business Manager Becky Allard pointed out the budget is one of controlled growth, which continues to fulfill referendum initiatives and provides for the first year of activities scheduled under the District's new strategic plan. She noted that current economic conditions at the local, state and national levels have hampered budget planning this year, and that this draft is based upon the best information known as of May 5. Modifications will be made as new information becomes available. She stated the tentative budget was scheduled for adoption on June 28, and that a final budget would be adopted on September 27. Ms. Allard noted that the tentative budget growth was calculated based on the budgeted amounts for 2009-10, and that the percentages would be restated against unaudited actual 2009-10 amounts this summer after the close of the current fiscal year.

Ms. Allard then began a detailed presentation of the budget, including a description of all revenue items as well as expenditures. She noted that overall, operating revenues are expected to increase by 8.85% to almost \$75.8 million, which includes federal funding for the Federal Aviation Administration (FAA) summer projects at Washington and Roosevelt schools. Without the FAA funding, the revenue budget is expected to increase by 4.86%. Overall operating fund expenditures are expected to increase by 15.36% to almost \$72.8 million, which includes the FAA projects. Without these projects, the expenditure budget increase would be 11.14%. Other than the anomaly of the FAA summer projects, the largest expense category for District 64 is salaries. The salary category all funds is expected to increase by 7.06% to about \$42 million. She stated that staffing levels are budgeted at the 2009-10 levels, and that the final levels would be determined in August when the student enrollment is clear. However the amounts reflect the contractual agreements with the teachers and other employees for actual step and lane movement.

During her discussion of revenues, Ms. Allard noted that two important factors would affect property tax receipts. First, District 64 tax revenues would again be subject to the limitations of the tax cap due to the Property Tax Extension Limitation Law (PTELL). The tax cap will limit tax year 2009 to 0.1% growth and in 2010, it will be 2.7% growth. The second factor is a change in the Cook County early tax collections that will be based on 55% of the prior year tax bill, rather than 50%. This will affect the timing of revenues coming to the District during the 2009-10 and 2010-11 fiscal years. Ms. Allard also pointed out potential reductions in general state aid to District 64 as well as mandated categorical reimbursements primarily for special education personnel, tuition and transportation. She noted that the state budget had not been finalized and the District would carefully monitor this situation and recommend budget adjustments accordingly.

Ms. Allard then began a detailed review of revenues and expenditures for each of the seven funds that comprise the District's total budget. In addition, she provided a list of the Board actions already taken that impact the 2010-11 budget and also identified the specific investments in student learning that are made possible through the planned expenditures. Finally, she reviewed the District's operating fund balance policy, and noted that the 2010-11 fiscal year is expected to add about \$3 million to the District's operating fund balance, which is projected to be 50.6% as of June 30, 2011 or almost \$36.6 million. She noted other financial indicators from outside sources, including the highest designation of 4.0 from the Illinois State Board of Education in spring 2010. A cash flow projection for 2010-11 prepared by the Maine Township School Treasurer also was included to estimate the District's month-end cash balances based on the tentative budget.

During the course of the Board discussion that followed, Ms. Allard answered questions regarding the fall tax bills, individual homeowner tax rates, the number of full-time equivalent (FTE) positions included in the budget, the retirement benefits included in the budget, and budget-to-budget comparison in the Operations and Maintenance fund, among other comments.

Ms. Allard also noted that an updated long-range projection of the District's operating fund balance would be presented in September, so that it can include the 2009-10 actual data.

Following this discussion, it was agreed that Ms. Allard would provide information for the next Committee of the Whole meeting on June 14 on the budget increase when FAA and other "one-time" expenditures are removed, and on growth in salaries.

Mr. Heyde concluded the Committee-of-the-Whole on Finance meeting at 7:24 p.m., which was followed by a brief recess before the regular Board of Education meeting.

President

Secretary