

BOARD OF EDUCATION  
COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

Minutes of the Committee-of-the-Whole on Finance  
held at 6:30 p.m. November 14, 2011  
Carpenter School  
300 N. Hamlin Ave., Park Ridge, IL

President John Heyde called the meeting to order at 6:30 p.m. Other Board members present were Scott Zimmerman, Eric Uhlig, Pat Fioretto (arrived in progress at 6:33 p.m.), Anthony H. Borrelli, Dan Collins, and Sharon Lawson. Also present were Superintendent Philip Bender, Assistant Superintendents Sandra Stringer and Diane Betts, Business Manager Becky Allard, Director of Pupil Services James Even, Director of Technology Terri Bresnahan, Director of Facility Management Scott Mackall, Public Information Coordinator Bernadette Tramm, and 8 members of the public.

Mr. Heyde stated the purpose of the meeting was to review the proposed tentative levy for 2011 and to discuss assumptions to be used in an annual update of the long-range financial plan.

**Proposed Tentative Tax Levy 2011**

Business Manager Allard noted that at the regular meeting following the Committee-of-the-Whole the Board would be asked to approve a proposed tentative levy, which will be published in newspapers prior to a hearing on December 12. She noted that the amount of the final levy the Board will adopt on December 19 can be lower than the tentative levy adopted this evening, but cannot be increased.

Ms. Allard said the tax levy sets forth the maximum receipts that can be received from property taxation in a given year. The levy is filed by fund, but limited in aggregate by the Property Tax Extension Limitation Law (PTELL) with the exclusion of the debt service fund. She noted that historically, a school district requests an amount in excess of what it actually anticipates in order to maintain the maximum rates a district is entitled to receive.

Ms. Allard reviewed the calculation of the District's limiting rate and how that rate is multiplied by the Equalized Assessed Valuation (EAV) of all property within the District to find the tax extension for the year. She also reviewed the steps in the property assessment process that ultimately lead to the calculation of the District's tax rate by the County Clerk. Ms. Allard noted that although the District's EAV is lower, the tax rate has gone up but is still limited by the PTELL formula.

Ms. Allard stated that the District levies dollars, and does not set a rate. She reviewed a chart indicating the percentage increases in the levy requested by the District since 2005 compared to the percentage increases in the actual levy, and compared this with the Consumer Price Index (CPI) used in the PTELL formula. The difference between the actual levy and the CPI is the amount of new construction.

She stated that 83% of District 64's revenues are from local property taxes, and reviewed the steps in the levy process and the timing of when funds are levied and when tax payments are actually received that crosses multiple calendar and fiscal years.

Turning to the 2011 levy, Ms. Allard described the components of her estimate for EAV growth due to reassessment of existing property and new construction, which together should yield a total EAV of about \$2.131 billion or about a 5.73% increase from the prior year. Ms. Allard recommended the Board adopt a 4.99% levy increase request, however the budget assumes that the final increase will be only 2.06%. Regardless of how large the levy request is, Ms. Allard confirmed that District 64 will only receive a 1.5% increase – the CPI for 2010 used by the PTELL formula, plus the taxes associated with new construction. Therefore, Ms. Allard said the 4.99% levy request was designed to create enough room legally to capture what is allowed under PTELL and whatever new construction comes into the property tax base.

Ms. Allard then reviewed the upcoming timeline for adoption of the tentative levy this evening, the public hearing on December 12 and the adoption of the final levy on December 19.

Mr. Heyde noted that the Board's typical practice in the past had been to conduct a public hearing and adopt the levy on the same evening. This year, the recommendation was to separate the two steps by holding a special meeting on December 19.

Ms. Allard then answered a series of Board questions about the purpose of the levy itself and the difference between capped funds and the debt service levy. She confirmed that without a levy, the District would receive no local property tax revenue at all for 2011. The Board must adopt a levy to receive any tax dollars to support District operations. The levy is the one time each year that the request for local property tax dollars can be made. She confirmed that the levy request of \$62.3 million represents an overall 4.73% increase over the 2010 actual tax extension: a 4.99% increase in the capped funds subject to PTELL and a (.13)% decrease in the debt service fund.

Mr. Heyde reiterated that once the tentative levy tonight is adopted, the amount can only be lowered before final adoption in December but it cannot be raised.

### **Assumptions for Long-Range Financial Projections**

Ms. Allard requested the Board review the key variables to be included in the planned February 2012 update for the District's long-range financial projections prepared by StratPlan Consulting and Modeling. Ms. Allard noted that she had provided the Board with background information in her report, including the February 2011 projections; a summary of the 2010 tax extension; and histories of the CPI-U, EAV and tax collections.

Ms. Allard then asked the Board to provide direction on seven key variables for the 2012 update of the projections. Mr. Heyde stated the Board has done this review previously, and it is important that the Board feel comfortable with the assumptions being used in the model. Ms. Allard gave her recommendations on the seven topics, followed by Board questions and clarifications. The Board agreed to use the following assumptions:

- Enrollment – The Kasarda demographic projections currently being used should be carried forward.
- Staffing – Actual class sections as children move forward and the current class size guidelines should be used to determine staffing needs.
- Health insurance – The current practice of using a 5-7% increase can be continued.
- Retirement incentives – The current contract terms should be utilized, but will need to be updated when the new contract is negotiated.

- Supply and capital equipment needs – The CPI factor is usually used and the current projection is 1.5%; this will be updated in January 2012 when the December factor is announced.
- Capital improvements – The 2011 update utilized \$1.5 million for 2012, and then averaging about \$1 million/year thereafter. Ms. Allard offered to have alternate projections prepared showing expenditures of \$1, \$1.5 million and \$2 million.
- Special education private school tuitions – The past increase has been in the 7-10% range, however the transition from the Maine Township Special Education District (MTSEP) to District 64 may mean some savings. The Board will discuss this further when a report is presented at an upcoming Committee-of-the-Whole meeting.

In response to Board questions, Ms. Allard confirmed that it would be easy for her to update the projections based on changes in EAV for new construction as that is known during the year. There also was additional discussion about the triennial reassessment and its impact on EAV. Ultimately, Ms. Allard stated the projections for EAV growth of existing property actually do not affect the projections that significantly. Ms. Allard also confirmed the projections do include funds for implementation of the District's strategic plan, in a "base" case and then a "strategic planning" case with multiple levels of dollars. She also noted the projections had an alternate "stagnation" case that reduces tax revenues as well.

Mr. Heyde concluded the Committee-of-the-Whole meeting at 7:14 p.m., which was followed by a tour of the Carpenter School auditorium and a brief recess before the regular Board of Education meeting.

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President

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Secretary