

BOARD OF EDUCATION
COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

Minutes of the Committee-of-the-Whole on Finance
held at 7:00 p.m. May 7, 2012
Hendee Educational Service Center
164 S. Prospect Ave., Park Ridge, IL

President John Heyde called the meeting to order at 7:08 p.m. Other Board members present were Scott Zimmerman, Eric Uhlig, Anthony Borrelli, and Dan Collins. Also present were Superintendent Philip Bender, Assistant Superintendents Sandra Stringer and Diane Betts, Business Manager Becky Allard, Director of Technology Terri Bresnahan, Public Information Coordinator Bernadette Tramm, and four members of the public.

Mr. Heyde stated the purpose of the meeting was to review the first draft of the tentative budget for 2012-13.

Business Manager Allard reported the Board is now beginning its annual process of adopting the budget for 2012-13, which begins with tonight's discussion of the first draft of the tentative budget. She reviewed the Board's requirement to adopt a budget by the end of the first quarter of the fiscal year on September 30 along with various notice requirements. Ms. Allard stated her focus this evening would be on the Operating Funds.

On the revenue side, she noted that Operating Fund revenues are expected to decrease by .01% from the previous year's budget due primarily to the reduction in the corporate personal property replacement tax, elimination of the elementary school lunch supervision fee, and the reduction of state and federal funds.

On the expenditure side, she pointed out that during a collective bargaining period, such as District 64 is in currently, there are two methods that can be used for budgeting: either budget per the previous negotiated agreement or use a zero-based approach. Ms. Allard noted that this budget uses the zero-based method. The salary category, therefore, has been adjusted only for: retirement savings, new positions approved by the Board, and changes created by the dissolution of the Maine Township Special Education Program (MTSEP). The budget does not include any salary increases for 2012-13. It also reflects the transfer of capital improvements to a new Capital Projects Fund, which is not currently shown within the Operating Funds. These changes result in a 6.2% decrease in Operating Fund expenditures compared to the 2011-12 budget.

When the Debt Service and new Capital Projects funds are included, however, total budgeted expenditures are expected to decrease by only 2.5%.

Returning to Operating Funds only, she noted the budget would create an annual surplus in the Operating Fund balance of \$5.3 million, which will climb from about \$37.4 million at the start of the year to \$42.6 million at year-end. This will create an Operating Fund balance of 67.2%.

Ms. Allard then reviewed the Operating Fund revenues in more detail. She noted that 84% comes from property taxes, which are subject to the Property Tax Limitation Law making the annual increase subject to the lesser of 5% or the Consumer Price Index (CPI). She noted that

the 2011 CPI of 3.0% affects the 2012 levy year, and impacts the District's revenue collections in two fiscal years: 2012-13 for the fiscal year early collections in spring, while the second installment in the fall will impact the 2013-14 fiscal year. She reviewed the District's history of tax collections and noted they fluctuate, but are in the range of 98-99%.

In the other revenue categories, Ms. Allard pointed out expected changes and factors that could impact corporate personal property replacement taxes, general state aid, other local income, and other state and federal revenue.

Ms. Allard then provided more details on Operating Fund expenditures overall, noting that salaries comprise 68% and benefits are 14% for a total of 82%. As noted earlier, Ms. Allard stated that expenditures do not include any amounts for salary increases for 2012-13; this category would decrease by 0.9%. Unlike previous years, she noted that the District's employee insurance renewal rates already are known and have been incorporated into the budget, which creates a 5.4% increase for this category.

Reviewing the remaining major categories, Ms. Allard pointed out that significant changes are seen in the capital category due to the transfer of most expenditures and associated architect and engineering fees to the new Capital Projects Fund. In the other category, the major change is due primarily to the transfer of salary expenditures related to the dissolution of MTSEP to the salary category.

Looking at it on a fund basis, Ms. Allard pointed out that expenditures will decline by 2.9% in the Education Fund and will decline by 34.5% in the Operations & Maintenance Fund. Total spending for capital projects, however, is expected to decline only 0.1%. She noted that the Transportation Fund budget does not yet have figures on a final contract for transportation for 2012-13. The Retirement Fund shows an increase of 7.1% or about \$150,000 due primarily to an increase in the employer contribution rate for employees covered by the Illinois Municipal Retirement Fund (IMRF). Ms. Allard reported that Tort Fund expenditures are estimated to increase about 2%.

Mr. Heyde then offered an opportunity for Board members to clarify their understanding of information in the tentative budget by questioning Ms. Allard. Among the topics considered were:

- Capital Projects Fund –
 - Ms. Allard reiterated that this fund is currently placed on the Statement of Position in the tentative budget as below the Operating Funds, similar to Debt Service. She indicated that even when expenditures for this fund and Debt Service are considered, the District's total expenditures of \$68.7 million would be about \$2.8 million less than projected revenues of \$71.6 million, although she cautioned that this does not include any salary increases.
 - Board members discussed whether the fund should be placed on the statement of position as part of the Operating Funds. The only fund outside is Debt Service, which is outside the tax cap and has a separate levy. Ms. Allard noted that the District had created a Capital Projects Fund below the line for the Emerson Middle School building referendum. Since the current fund was being created solely by the transfer of money from the Operations & Maintenance Fund at this time, Ms. Allard agreed to prepare the next budget draft to show the Capital Projects Fund within the Operating Funds.

- New Staff – Ms. Allard reaffirmed that the only new staff included in the budget were from the staffing plan approved by the Board at the March 12 meeting, the additional four instructional technology coaches approved by the Board at the April 23 meeting, and the position changes resulting from the MTSEP dissolution. She pointed out details of where the MTSEP changes appear in the line-item budget.
- Public Hearing – Board members agreed it would be appropriate to hold a public hearing on a separate day from the meeting at which final budget adoption will occur. The Board requested that the hearing be held on September 10, with the adoption on September 24. Ms. Allard stated the September 10 meeting currently is a Committee-of-the-Whole, but would have to be designated as a Special Meeting to accommodate the public hearing.
- Ms. Allard answered further questions regarding: electricity expenditures; capital projects in 2012-13 budget relate to work completed in summer 2012; the new property estimate will not be available until fall; and the Board’s request for more details on technology purchases planned for 2012-13.
- Ms. Allard also confirmed that the \$500,000 held in reserve at the direction of the Board from the 2011-12 budgeted expenditures in the Education and Operations & Maintenance (O&M) funds for purchased services, supplies and capital outlay, was not carried forward for 2012-13 at this time.

Mr. Heyde concluded the Committee-of-the-Whole meeting at 7:52 p.m. and immediately resumed the Special Meeting.

President

Secretary