

GLENBROOK HIGH SCHOOL DISTRICT 225

FINANCE COMMITTEE MINUTES

July 23, 2013 7:30 – 9:00 AM

Glenbrook South Room 128

Agenda Item #1: Call to Order

A regular meeting of the Finance Committee was held at Glenbrook South on July 23, 2013. The meeting convened at 7:30AM. Members in attendance were Bob Boron, John Finan, Gary Freund, Scott Martin, Paul Pryma, Hillarie Siena, Vicki Tarver, and Brian Wegley. Also present was Steve Caliendo and Karen Geddeis. Members not in attendance were Kim Ptak, Dr. Mike Riggie, and Joel Taub.

Agenda Item #2: Health Insurance Timeline

Mrs. Siena provided the committee with copies of a health insurance timeline. The purpose of the timeline is to bring meaningful insurance data to the Finance Committee, the Insurance Cost Containment Committee and the Board of Education in a timely manner. Discussion took place regarding the type of data scheduled for periodic review, the frequency of committee meetings and the scope of committee work leading to action by the Board of Education relative to employee benefits. The consensus of the committee was that the timeline was a positive step toward a long-range plan for insurance cost containment.

Agenda Item #3: Tentative Budget FY2014

Mrs. Siena provided the committee with the FY2014 Tentative Budget. The tentative budget included a review of FY2013 Actual Revenue and Expenditures. FY2013 Revenues were 101% of budget due to higher corporate personal property replacement tax collections and the receipt of deferred FY12 grant reimbursements. Although actual revenues received were higher than budget by 1%, actual property tax collections were under budget by approximately 1%, due to lower than anticipated spring collections and higher than anticipated property tax refunds. Actual FY2013 expenditures were 98% of budget. This is due to unspent contingencies, lower salary and benefit costs, and lower purchased services, supplies, and capital outlay spending. Although actual expenditures were lower than budget by 2%, expenses for Special Education were higher than anticipated by approximately \$975K. Discussion followed regarding special education enrollment and adequate funding. Overall, the district ended the year at June 30, 2013 with a \$3.1M surplus.

Mrs. Siena discussed the assumptions that provided the basis for the FY2014 Tentative Budget. Revenue assumptions include; 3.0% CPI, 97.5% property tax collection rate (including refunds), 0.20% interest rate, 89% General State Aid proration, State/Federal categoricals funded at FY13 levels, CPPRT expected proration, The Glen make whole payments based on enrollment projections, and flat student fees, with the exception of the new FY14 Chromebook initiative. Expenditure assumptions include: aggregate salary increase for certified staff of 3.4% including step, aggregate salary increase for non-certified staff of 2.8% including step, employee benefits projected increase of 7%, IMRF 10% rate increase, TRS ERO penalties and rate increases, tuition expense increase of 2%, and all other expenses increased at CPI. The FY14 tentative budget also contains a first-time contingency for TRS of \$200K.

Mrs. Siena presented information relative to the Glenbrook Aquatics program. Glenbrook Aquatics is a community-based swim program that is operated in conjunction with the high school. A historical program cost analysis was presented showing the year ending June 30, 2013 with a surplus of approximately \$4K, and an 11-year average surplus per year of approximately \$11K.

Mrs. Siena then presented a five-year fund balance projection chart, first showing the financial impact of recent union contract negotiated settlements, and then projected fund balances through FY2018 at 30.6% of the next year's budgeted expenditures. Board policy sets a minimum fund balance reserve of no less than 33%. Discussion followed relative to a reasonable level of reserves and maintaining an adequate level of reserves to address issues of enrollment growth and capacity.

Agenda Item #4: Update on Sequestration

Mrs. Siena presented an updated chart showing the reduced federal subsidy relative to the 2010 Build America Bonds, resulting from the implementation of federal sequestration mandates. If sequestration were to remain in force throughout the entire life of the Build America Bonds (through FY2028), the district would lose approximately \$248K in federal subsidy payments. Mrs. Siena stated that the September 2012 bond refunding yielded reserves in the Debt Service fund that will cover the shortfall due to sequestration. Debt Service reserves are restricted to payments for bond principal and interest, and cannot be used for general operations.

Agenda Item #6: Other

Mrs. Siena provided an update regarding the awarding of a partial real estate tax exemption for the District Office located at 3801 W. Lake Ave. The partial exemption reduced the property tax bill on this building from \$115K to approximately \$47K, resulting in a savings of \$68K.

Agenda Item #7: Adjournment

The meeting concluded at 9:00 AM.

Next meeting date TBD