



Oswego Community Unit School District 308

SERVING ALL OR PARTS OF THE COMMUNITIES OF
AURORA, JOLIET, MONTGOMERY, OSWEGO, PLAINFIELD AND YORKVILLE

Finance and Facilities Advisory Committee Minutes

**East View Academy-Gym
4209 Route 71, Oswego
August 25, 2020
6:00 p.m. – 7:30 p.m.**

I. Roll call

The sign in sheet was used in place of an official roll call. Meeting called to order at 6:06 pm.

Members in Attendance: Rob Allison, Robert Eberhardt, Jaime Diaz, Tatyana Gorski, Bill Mueller, Kaila Mugford, Erika Sieh, Jennifer Smith, Christi Tyler Chief Financial Officer, Brent Lightfoot and Ruth Kroner Board Member Co-Chairs

Members Absent: Kenneth Blue, George Kalule, Phil Murray

Guests: none

Recording Secretary: Carrie Szambelan

II. Approval of Minutes from the virtual Finance and Facilities meeting on May 5, 2020

A motion was made by Mr. Lightfoot to approve the finance and facility minutes from the virtual meeting on May 5, 2020. All members in attendance agreed unanimously to approve the meeting minutes as presented.

III. FY21 Tentative Budget Presentation

Mrs. Christi Tyler stated the tentative budget are estimates that are usually based on trends. However, this year there is no trend to estimate the revenue and expenses during this pandemic. This is a very different tentative budget than predicted six months ago. The district was on path to increase the fund balance. As the district receives new information from the state regarding the reopening of schools, she will continue to update the Board. This may be a year where a proposed amended budget may have to take place.

The main focus of this presentation includes education, operations & maintenance, transportation, IMRF/SS and working cash funds. Two other funds are called bond & interest and capital projects.

The steps required for adoption are the budget is presented in tentative form. It will be placed on display for 30 days prior to the public hearing. A notice is posted in the local newspaper for a public hearing to give the community a chance to make any comments to the Board. The public hearing this year will be right before the September 28, 2020 Board of Education meeting. The deadline for the adoption of the budget to be filed with ISBE is September 30th.

The basic formula is FY19 audited ending balances minus unaudited FY20 expense plus FY20 unaudited revenue equals FY21 beginning balances. In FY20, the beginning balance is approximately \$16.7 million dollars. The unaudited expenses were \$206 million and unaudited revenue was \$208 million leaving a fund balance for FY21 at \$18.6 million. This unaudited balance will have journal entries from our auditors after the audit is completed. When this was presented to the Board on August 13th, the revenue did not include the 4th quarter payment. The amount of \$2.7 million was received the following morning and was added to update this presentation. To make a correction, the revenue DOES include the 4th quarter MCAT. Therefore, that statement should be omitted from the fund balance slide on the Budget at a Glance presented tonight.

The education fund is the biggest piece of the pie consisting of 82% of revenue or \$172.3 million. The monies collected is basically made up of three areas: local property taxes, federal funding and evidence base funding. The purpose of Evidence-Based Funding for Student Success Act in 2017 was to fill the adequacy target for each district based on the cost to educate a student. Due to the pandemic this year, the state is having issues with their budget and did not include this funding for schools. SD308's past year projections included an additional \$4.3 million for FY21 budget to fill this gap. However, EBF will remain flat for FY21 and this will be lost revenue for the district.

In addition, federal funding is higher than projected in the past due to the pandemic of approximately \$1.5 million. This breakdown consists of the Cares Act, \$980,000, and the Digital Equity Act, in the amount of \$600,000. The national school lunch program is also part of these funds received which we know will be less this year.

The biggest piece of the pie on the expense side is salaries & benefits, consisting of \$177.1 million or 81%. When this was presented at the Board meeting August 10th, the Board requested the additional staff be added to meet the ISBE & IDPH current guidelines for the pandemic. All students will need a wellness check before getting on a bus or entering a school. This amount represents that change.

Mrs. Mugford questioned the private placement tuition in other objects and asked if that was a typical expense. Mrs. Tyler said "yes it's typical". Mr. Lightfoot added there are students in the district that have a level of care that SD308 cannot provide. He stated depending on the needs of the student, it can cost up to \$100,000 for services in a school year. Mrs. Sieh recalled the average for one student is approximately \$70,000.

Mrs. Smith questioned what was the start date of in-person instruction when you budgeted these numbers. Christi mentioned she budgeted based on a full year of in person learning. Mrs. Kroner added since the District started with remote learning, this budget won't be re-evaluated until end of September. Mr. Lightfoot stated for every month that passes with remote learning, the district won't have to incur the additional staff, custodial or transportation expenses. Mrs. Kroner added the current custodians can handle the volume of sanitizing for the few teachers that are coming into the building. The additional staff added is for when in-person learning starts, whenever that may be. Mr. Allison added the utilities won't be working as hard on the hotter days since there are less bodies in the buildings. Some other savings while in remote learning are consumables for each building, such as sanitizer, paper towels, and trash basket liners.

Mrs. Tyler mentioned she will continue to monitor revenues and expenditures as information is released. This may be the year where the budget will need to get amended due to unpredictable times. Mr. Eberhardt questioned if this deficit had built in contingencies. Mrs. Tyler stated there is a \$500,000 contingency added, rather than \$1 million used last year.

If the school is closed longer than the period we are thinking the expenses will need to change. The public hearing is scheduled for September 28, 2020 at the Board meeting before the Board votes to adopt the Budget.

Mrs. Tyler reviewed the Year by Year comparison with the committee. Mr. Eberhardt questioned the change in Local Revenue from FY20 (\$116 million) to FY21 budget (\$111 million). Mrs. Tyler stated she will look into it and get back to the committee. However, she is thinking a property tax delay might have contributed to a part of that along with tuition & activity fees collected. She will send a list of this difference to the committee this week.

Mrs. Mugford questioned if something happened in 2017, where the salaries and benefits increased dramatically while the enrollment stayed the same. Mr. Lightfoot responded that is the year the district acquired the co-op program. The district had to hire all the co-op teachers. Mrs. Tyler pointed out that salaries and benefits increased while other object expense decreased for that year.

IV. 2020 Tentative Levy Presentation

Mrs. Christi Tyler presented the 2020 Levy to the committee. She mentioned the levy is what the district is "asking" for the district and is NOT the "actual" received. There are four main components in determining your property taxes.

- PTELL or Property Tax Limitation Law is commonly referred to as a "tax cap". This limits the increase in the tax extension to the lesser of CPI or 5%.
- EAV or estimated assessed valuation is determined as of January 1st of every year and is one-third of the market value of property.
- The Levy is how much a taxing body requests. It is not what you receive; it is only what you ask for.
- The Extension is the amount a taxing body receives and this is calculated by multiplying the previous year's extension times CPI or 5%, whichever is lower. This year's CPI is 2.3%. The CPI is determined on December 1st every year.

The levy is being presented earlier this year in case the district may have to borrow additional TAW's. The projected 2020 tax rate is 4.8485%. This is lower than last year due to EAV increasing. As EAV increases, the tax rate will decrease. The final expected extension calculated for this year is \$106,419,986. However, the requested levy amount is \$108,265,000. This will be filed by the last Tuesday in December and the district will hear in March of 2021 what the actual number will be.

Since the bond payment is part of the tax bill, Mr. Eberhardt questioned when is the next time Bond Restructuring will be discussed at a BOE meeting. Mr. Lightfoot stated Monday, the 31st, there will be some options presented to the Board as information. It will then be voted on at the following meeting. Mrs. Tyler asked the committee if there were any further comments or questions on the 2020 Levy. The committee had no further comments.

V. Revisit Budget Reduction List

Mrs. Tyler mentioned to the committee there was a request to revisit the past budget revenue/reduction lists that were approved by the Board to see what is still out there as a potential cut that was not approved. This will be "homework" and will be continued in a discussion at the next Finance and Facility meeting on September 21st before the Board adopts the budget at the September 28th meeting. Mr. Eberhardt added that by then we may have a better idea of the district's expenses and also property taxes may be received.

Mrs. Tyler pointed out the yellow highlighted columns and amounts on both documents have already been approved by the Board in 2018 and 2019. The amounts in the white columns are the potential/proposed cuts by the administration that were not approved. You will notice some not approved on the first document, may have been approved on the second, a year later.

Mr. Lightfoot closed in saying some items on this list two years ago were not voted on due to the impact on students. The Board tried to stay away from those cuts as much as possible. However, here we are two years later in a poor financial state. The fact that these documents are already there for the Board to revisit helps tremendously.

If there are any specific questions on what was discussed tonight on the levy or the budget, please email Christi your questions so they can be included and answered at the September 21st meeting. The main purpose to have two meetings was to make sure questions can be answered before the Board adopts the budget on September 28th. The next meeting may be shorter than usual if there are no comments or questions to be answered.

VI. Public Comment (3 minutes each)

There were no individuals present for public comments.

VII. Adjournment

A motion was made by Brent Lightfoot to adjourn. All present were in favor to adjourn.

Meeting was adjourned at 7:32 p.m.

Next meeting: September 21, 2020