

MEETING NOTES
FINANCE COMMITTEE
COMMUNITY UNIT SCHOOL DISTRICT 200
August 30, 2023

A meeting of the Finance Committee of the Board of Education of Community Unit School District 200, DuPage County, Illinois, was called to order at 4:00 PM on Wednesday, August 30, 2023, at the School Service Center, 130 W Park Ave, Wheaton, IL.

PRESENT

Board Members: Mr. Dave Long
Mr. Erik Hjerpe

Staff: Dr. Jeff Schuler, Superintendent
Dr. Brian O’Keeffe, Asst. Superintendent for Business Operations
Ms. Erica Loiacono, Director of Community Engagement and Communications
Mr. Jordan Thorse, Comptroller/Treasurer
Mr. Kevin Weisenberger, Director of Facility Services

Discussion of FY 24 Tentative Budget

Dr. O’Keeffe noted the budget work is almost complete. The final documentation is being put together. The FY24 budget update was provided to the committee with an overall recap of where we are at.

There was discussion on the following:

- Big picture – balanced operating budget.
- Expected final budget changes
 - Revenue changes - include a decrease in CPPRT (always a loose estimate), anticipated Wheaton TIF #3 surplus disbursement, increase in interest earnings, and state and federal reimbursements.
 - Expenditure changes – includes increases in salaries (from hiring in the summer), capital equipment, tuition & other objects, and non-capital equipment; and decreases in benefits and purchased services
- Fund 60 – all capital projects are paid for out of this fund, including LLCs and the associated revenue from the grant for Johnson.
- Transportation reimbursements from ISBE were higher than estimated for last year.
- Anticipated Wheaton TIF 3 surplus disbursement – process, expected timing, deciding where the surplus should be directed when it does come in.
- Total budget deficit listed – related to capital projects and fund balance sitting in there being used to pay for a portion of summer projects. Debt service is a negative as a whole due to reduction in debt service payments, and using developer donations sitting in fund 20.
- Total revenue and expenditures – current vs. what was presented in the tentative budget in July.
- Headcount – every FTE that is employed by the District and anticipated to be employed (open positions) will be part of the final budget to be approved by the Board in September.
- Pending litigation revenue as it relates to vaping – have not seen a specific date on that. Noted this would not be deemed significant in terms of overall budget.
- Decrease in benefits from the estimate provided in the tentative budget (budgeted in the aggregate, not by participant). The decrease is related to the medical and dental benefits.

- Capital equipment – the District threshold for capital assets is \$5,000. A 700 account is used for assets greater than \$500 but less than \$5,000.
- Lack of public comment on the budget.
- This will be the 14th year with a balanced budget in the District.

Review of Finance One-Page Communication

As a reminder, Dr. Schuler and Dr. O’Keeffe asked the Board members to review the one-page communication document at the last committee meeting to identify if there is any information currently on the document they believe is not relevant to the community and to identify if there are any aspects of the budget or financial picture that are not represented on the document that should be included. A draft of the updated document was distributed for review.

There was discussion on the following:

- The history of the document – why it was developed and what information was shown.
- Focus on highlighting finances and the District's financial position.
- Moved bulk of the charts to the back of the document – included updated evidence-based funding chart of benchmark districts, fund balance by fund and percentage (2016-22), D200 debt service (2019-26), and tax rate comparables for LY21.
- Consideration for potential tax abatement - information included on the front page text.
- Waiting on the final FY24 budget figures – the percentages could be slightly adjusted.
- Do not believe it is widely understood in the community what the legal guidelines with the levy percentage are. How to help the community understand levy guidelines, smoothing out peaks and valleys, etc. It would be useful to build this into the document.
- Spend level vs. tax rate.
- Explanation of CPI and Levy - how to incorporate that information in the document.
- How to visualize rates, comparables, and trends on the document.
- EAV and any early indicators of what this will look like? More data should be coming in October.
- The text portion on the front page of the document will be used as we embark on community engagement this fall.

Discussion of Bond and Interest Tax Abatement

Dr. O’Keeffe reviewed the excess/surplus proceeds in Fund 30 (debt service) and anticipates having a \$3.5 million surplus in bond and interest fund after all principal and interest payments have been made. There are three statutory options that a governing board can consider with a surplus in the debt service fund, including:

- Option 1 – Abatement of a Levy
- Option 2 – Declare Interest Earnings
- Option 3 – Issue Working Cash Bonds

There was discussion on the following:

- Abatement of a Levy – definition, purpose, what an abatement would do for us in LY23.
- Looking at what bills have to be paid from a debt service perspective in LY23 and in LY24.
- Recommendation from the administration on the amount to abate, allowing for similar year-over-year levy payments.
- Should the District choose to abate, options to either further abate in LY24 or declare interest earnings (transfer interest earned in any fund to another fund). What is permissible under statutory law, and what would be required to do this option?
- The timing of potential abatement, and what would be required by the District to do it.

- Truth-in-taxation hearing would be required in November.
- The impact of prospective middle school projects on future options to consider.
- The debt we took on was for a purpose – inclined to give it back to the community.
- Issuing working cash bonds (option 3) – not something you often see; is a mechanism available under the School Code.
- The four-phase restructure of outstanding debt that took place – as a result, reduced overall bond and interest payments by \$10 million and created a step-down system so the community would see a smooth debt service payment that only went down over time.
- Bond and Interest (B & I) tax rate; EAV growth as related to debt service.
- Communication plan to build credibility on financial stewardship – how and when do we develop communication? Bringing this to the full Board and the community at the September meeting; sharing out video of the explanation/presentation from the meeting. How to reach the broader tax base community that does not have kids in our schools? Using CAC as well.
- This discussion will be moved out of the finance committee to the full Board in September.

Other

Information was provided as previously requested on the following:

- Operating Expense per Pupil – Unit District Comparison for the last three fiscal years
- Cash vs. Accrual Basis of Accounting (budget and audit) for D200 and benchmark districts
 - Pros and cons of both
 - Staff work level for each
 - Interim reports seen every month are on a cash basis
 - Best practice
 - No compelling reason to change; will keep the budget on a cash basis and the audit on an accrual basis.
- Staffing FTEs – confirmed positions in the financial system by type for FY21 – FY24
 - Overall full-time equivalents in six major categories that sit inside the financial system
 - Does not include any contract employees or temps used
 - No significance in terms of changes in any of the major categories
 - Understanding what the enrollment was for each of these years
- Contracts exceeding \$25,000 awarded for FY20 – FY22
 - Required to post on the website on an annual basis by law
 - Appendix this at the end of the final budget conversation to include all of this information
 - Request to see when the next award date is for each open contract, and indicate which ones are currently tied to CPI.
 - Year five for transportation contracts, as well as the food service contract.
 - Food service – lowest bid vs. RFP process. Will bring it back to this committee next meeting.

Public Comment

- Potential Abatement – how to communicate this, the real story and the role of the County.
- Cash vs. Accrual Basis Accounting – which is easier for business office; other school districts and their reasoning for accrual basis
- FTEs – number of teachers and class sizes; what is included in “teacher” numbers; instructional staff-to-student ratio; breaking out information for the public to understand.

The meeting adjourned at 5:19 PM.