

MEETING NOTES
FINANCE COMMITTEE
COMMUNITY UNIT SCHOOL DISTRICT 200
September 28, 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 Thursday, September 28, 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

Discussion of Upcoming Finance Timeline

Dr. O’Keeffe reviewed some of the key upcoming dates as it relates to the finance committee's anticipated work schedule for the next few months. This included information on the following:

- October - a follow-up conversation on potential abatement for bond and interest (if needed); review of the 2023 levy presentation for the November BOE meeting; and an update on the FY23 audit.
- November - truth-in-taxation hearing/final 2023 levy review; update on the FY23 audit.
- What the District is statutorily responsible for in terms of the levy, truth-in-taxation hearing.
- January - request to adjust the finance committee meeting (to Jan 18) so it can be held in front of the January Committee of the Whole meeting in order to review the five-year projections for the FY25 budget.

There was discussion on the following:

- Other items to be slotted in - fee schedule and ADK (All-Day Kindergarten) fees - should be independent discussions.
- Options/scenarios to consider with ADK fees and the need to have a discussion moving into the five-year projections.
- Fee discussion - how do we benchmark against other districts, inflation, and fees? The data for this discussion can be gathered and reviewed at the October committee meeting.
- Levers and triggers of the five-year forecast - major things.
- The five-year forecast has the updated salary numbers (based on the new union contracts).
- CPI will not be known for December until the second week of January.
- CPI to date, the usual downturn in the last quarter (except for the last three years).
- Five-year forecast - provide the committee with last year’s presentation to see if there are any data elements missing the Board would want to see added in/benchmarked, as well as the updated model shared last spring that shows the updated contract dollars.
- The levy presentation from last year was provided to the committee to do the same. Noted the slide that shows how the extension was calculated. Asked the committee to note if there is information they would like added to the presentation.

Discussion of Bond and Interest Tax Abatement

This item was on the August Committee agenda. There was discussion on the following:

- Draft of the next two years of bond & interest payments - estimate a surplus in the bond & interest fund (in Oct 2025 after the last payment) of about \$3.5 million. That surplus comes from two areas.
- The three options to consider with interest earnings were reviewed at the last meeting and nothing has changed.
- Does the committee need anything else added to this conversation before reviewing with the full board?
- Did a quick review of this topic with CAC last week. The CAC feedback was mixed - evenly split between the abatement being a good idea and not abating, but using it for projects.
- The impact of the abatement decision - the capacity to borrow, the availability and process of issuing DSEB, etc.
- The intention is to discuss this at the October Board meeting.

Update and Discussion of Funding Options for Middle School Capital Facility Plan

Dr. O'Keeffe reviewed a draft of the PMA Securities CUSD 200 Financing Scenarios. PMA is the District's municipal advisor partner used to manage the process related to issuing debt. PMA was asked to put together financing scenarios as they relate to the middle school projects: low, medium, and high estimations using the information that has been presented to the public and the current market information including:

- Existing Debt Service and Proposed Debt Estimations using the low option - \$42 Million, medium option - \$122 Million, and high option - \$155.4 Million.
- Common language used - showing proposed debt spread over twenty years.
- All options still show an overall tax decrease compared to where our existing debt payments are.
- Summary of scenarios - what it would mean from an annualized estimated debt service payment, reduction in bond & interest tax rate, and the impact on a median homeowner (compared to where they would be in the last year of debt payment).

There was discussion on the following:

- The next major event where a cluster of facilities would require a major investment - do not see one in the foreseeable future assuming funding of Sherman-Dergis annually.
- Do not see the district being short-spaced based on the enrollment projections in the future.
- Any Board or District statement of guiding principles/philosophy of how we spread out investment over time?
- During the community engagement process, ask the community to rank the prospective individual middle school projects by priority and then rank the funding levels/scenarios.
- None of the scenarios reflect increases in the taxes for the community.
- The linkage between low, medium, and high options and the ten projects.
- Future consideration - athletics consideration at the high schools - bleachers, fields, press boxes; the average life of these items; fields open to multiple teams, clubs, and activities. Could be handled through Sherman Dergis.
- After December when the Board has the data, it will be good to see what the community says about the projects, and we want to understand that from a project perspective.
- The goal - use feedback to refine the plans, to focus on solutions (by the end of this school year), and to note this may be a combination of things.

Discussion of Wheaton TIF 3 Surplus Distribution

Dr. O'Keeffe reviewed the information to date on TIF 3. This included the following:

- Historical data on TIF 2 and information on TIF 3.

- TIF 3 has a significant surplus in it. The City Council in July approved an overall distribution to the taxing bodies of \$3 million. The District does not know what its exact proration of that number is but thinks it is about \$2 million (two-thirds of the total).
- That projection is built into the Ed Fund, but legally are not restricted to where those funds should go. Can move to O&M, move into Capital Projects, etc.
- Looking for any specific option or guiding direction from the committee. Funds are not restricted from an audit perspective.
- The administrative mechanics of where that check will go when received. The Board does not have to vote or pass a resolution on that; transferring/moving the money from one fund to another, earmarking the money for a specific purpose.
- Five-year projections and when it may become necessary to pull levers and make decisions. Noted the budget is balanced in year one when there was a projected deficit for year one.
- By policy, going to balance the operating budget every year.
- Options - the most logical future place or expenditure, would be to put the funds in O&M for a future facility use project that you can transfer when ready to use; could also fund the Sherman Dergis; the playgrounds pledge and their future funding.
- The future of TIF 3 - may not run that TIF to the end, there could also be one more surplus distribution.
- The EAV coming onto the tax roll; if stays in place and closes as of Dec. 31, 2028, would be included in levy 2028 and the five-year projections.
- The five-year projections - system is input-driven, with not a lot of flexibility, and reasonable variables moving forward.
- Benefit year vs. fiscal year - differences/fluctuations. There are many things that happen.
- Once you establish baseline projections, can update the model and run different scenarios.

Other

Dr. Schuler and the Business Office shared information and asked for feedback on the following:

- The monthly financial report/bill list:
 - There was a question about the expenditures and the information contained on the bill list. Specifically, the way in the monthly bill list to identify a site with a particular expenditure.
 - District 200 Treasurer/Comptroller Jordan Thorse noted how the bill list is presented currently - gives vendor name, description, date, and amount. Can include account elements that go with expenditure and identify the location where the element is occurring. This will provide greater transparency.
 - Some benchmark districts include this information and others do not.
 - No additional work for the business office to create the report.
 - The information included in the account number - fund, location, department, sub-dept, function/purpose of the expenditure, and the object.
 - The relationship between the account numbers as it relates to procurement cards.
- Procurement Cards (p-cards):
 - P-cards - procedures, procurement card agreement signed by employees when picking up the card itself, and the policy on the usage of the cards.
 - BMO purchasing card - program in Illinois, rebate program, sponsored by IASBO, benefits coming back to the district.
 - Account numbers follow the IL program accounting manual that is necessary from the accounting and audit side.
 - Wanted feedback from the finance committee on this.
 - The full account code will be listed on the upcoming bill lists.

- Schedule of authority - who approves? How is that determined? Limits were set when we joined the program.

Public Comment

- Based on EAV, what is the full amount the District can borrow?
- If all bonds are paid off, the DSEB capacity per annum?
- Extension calculation document - the slide is very good and helps explain things.

The meeting adjourned at 5:15 PM.