

September 2004 Board Meeting Highlights

President John Myefski called the annual Budget Hearing to order at 7:00 p.m.

Mr. Chilcote, Business Manager, presented the final draft of the 2004-2005 Fiscal Year Budget. The document represented items discussed by the Board concerning staffing levels and budget allocations. Assumptions utilized when preparing the document included:



Revenue

1. Taxes were indicated at a tax cap level of 1.6% for 2002, 2.4% for 2003, and 1.9% for the tax levy year 2004. It was anticipated that the collection of tax extensions would remain at approximately 99% of the total extension.
2. The decline in revenue generated by interest was projected to continue. This was attributed to lower interest rates and less reserve monies to invest. Interest revenue was estimated at \$79,800.
3. The revenue to be received by the District was budgeted at a level similar to 2003-2004, with local revenue at approximately 92.4%, state revenue at approximately 5.9%, and federal revenue at less than 2%. Medicaid Administrative Cost Reimbursement was eliminated; PL 94-142 (Special Education) funds were anticipated to increase by approximately \$22,944, and Title I funds were anticipated at the lower amount of \$45,634.
4. Funding from the P.T.O. and Educational Foundation were included and considered non-operational as expenses would be dependent on donations from the organizations.
5. It was anticipated that state revenue would increase by approximately \$154,000 with a slight raise in General State Aid, an increase in Transportation aid and no change in Special Education reimbursement.
6. Fees for busing, materials, and athletics were reflected at the levels approved by the Board.
7. Total revenue was expected to increase by approximately \$541,000 (3.71%) in the operating funds. The increase reflected greater new property growth than previously estimated. It was also estimated that the new growth would generate approximately \$150,000 in additional tax revenue beyond the CPI generated increase to the tax extension. State revenues reflected an additional \$26,000 above the prior budget estimates.

Expenditures

1. Staffing levels approved by the Board, salaries reflecting the recently negotiated agreement, and actual salaries of new staff, support staff and administrators were included.
2. The same allocation as used for the past six years, \$300 per child, was incorporated for supply/equipment budgets.
3. The budget reflected the second year of the contractual agreement with Alltown Bus Service. Seven (7) South/West bus routes were incorporated into the budget with consistent ridership anticipated. The cost of this contract increased by approximately 3.5% over the previous year.
4. Contingencies were included at a 1% level or approximately \$147,000.
5. A TRS fund was again included in the non-operating category as recommended by District auditors. The fund was created for reporting purposes only and reflected anticipated payroll expenses and the associated state cost for retirement.
6. The budget included \$70,000 for curriculum program implementation.
7. Operating expenses were anticipated to increase by 6.16% or \$973,664. This was identified as a reflection of costs associated with the recently negotiated agreement for staff salaries and benefits. It also included the final payment for recent retirement incentives (\$112,000).
8. Replacement of technology equipment/hardware was budgeted at \$150,000. Included in this amount was the lease/purchase agreement with Apple.
9. The expenditure allocation level remained consistent with previous budgets as salary/benefits represented 77% of the operating budget.
10. The Education Fund budget continued to represent approximately 80% of the operating budget (80.7% for 2004-2005).
11. An increase of approximately \$73,000 was projected in the IMRF fund. This was attributed to increases in IMRF rate, increased salaries for teacher associates, and compensation increases for support staff.

Mr. Chilcote indicated the District was projecting a deficit budget for the second consecutive year. The Final Draft of the 2004-2005 budget was in keeping with the long-term financial projections presented in January. The deficit was anticipated at approximately \$1,028,510. The revenue in the final draft of the budget was slightly higher than that projected in the long-term financial

projection. It was noted that Glencoe Education Foundation and P.T.O. contributions had no impact upon the projections. Since their contributions were for specific targeted items the revenues equaled expenditures.

Mr. Chilcote also provided revised long-term projections which included three years of budget history, the current budget, and four additional years. The document projected through the 2008-2009 fiscal year. He projected the expenditures in 2004-2005 would exceed revenues by approximately \$1,000,000. That amount would increase by approximately \$700,000 per year thereafter based on current revenue levels.

The Board asked for clarification as to the number of months of reserve at the end of the 2003-2004 fiscal year and projections for reserve level at the end of the 2004-2005 fiscal year. Mr. Chilcote indicated there were approximately 4 months of reserve as the 2003-2004 fiscal year ended and approximately 3 months would remain at the end of the 2004-2005 fiscal year. The auditors have recommended a reserve level of 3-6 months.

The budget hearing was adjourned at 7:35 p.m.

President John Myefski called the regular monthly meeting of the Board of Education to order at 7:35 p.m. Following the roll call approval was given of minutes as amended from the regular and closed session meetings held July 12, 2004. Mr. Chez requested a statement be included expressing the Board's appreciation for the staff development and curriculum work Dr. Howe completed during the 2003-2004 school year.

There were no public comments made during the first opportunity in the meeting.

Mrs. Catherine Wang, South School Principal, presented an overview of the staff intranet site. This method of internal communication was launched at the beginning of the 2004-2005 school year. She also provided each Board member with login and passwords in order to access the staff intranet site.

Mr. Chilcote, Business Manager, reported the End Fund Balance for July 2004 as \$5,846,191.85. The End Fund Balance for August 2004 was reported as \$5,113,103.29.

Comparisons of the opening of school enrollments were reviewed as well as the Kasarda projections from November 2002. The total opening enrollment for 2004 was approximately the same as the 2003 opening enrollment. The grade levels noted were kindergarten and first grade. The kindergarten enrollment increased by 21 children and the first grade enrollment increased by 17 students as compared to the previous school year.

The Fall Housing Report was identified as the benchmark for enrollment comparisons throughout the State of Illinois. This report will be filed with the Regional Office of Education reflecting enrollments on September 30, 2004.

Mr. Tom Dempsey, Director of Pupil Services, reviewed the district special education enrollment information for 2004-2005. The most recent information available was for school year 2003-2004 and provided by North Suburban Special Education District (NSSSED). The total percentage of students in District #35 who received some form of special education service (i.e., speech/language only through self-contained programs) was reported as 18.9%. If single service of speech/language were removed the percentage of students receiving special education services was reported to be 13.4%. Mr. Dempsey indicated these percentages were in keeping with the other elementary districts in the township and area.

The Board was informed of a Freedom of Information Act request received on September 10, 2004.

The Board discussed the district's current financial position. Mr. Myefski provided the audience with background information prior to the Board's discussion. He indicated the Board of Education yearly reviewed the annual budget, long-term financial projections, enrollment projections, and other factors effecting the financial stability of the District. Immediately following the enactment of the 1994 tax cap legislation in Cook County the District 35 long-term financial projection reports predicted there would be a future date when a referendum for operating funds would be required.

In anticipation of these projections previous Boards of Education took steps to minimize expenses and utilize a variety of revenue sources. For example, the District has continued to hold memberships in a number of cooperatives: Health Insurance, Compensation Insurance-Property/Casualty/Worker's, NTTC Technology Consortium, State Purchasing Programs, Shared Transportation contract with NTHS and Winnetka, Utility Cooperatives, and Paper Purchasing Cooperative.

In May 2000, following a failed operating referendum, approximately \$400,000 was cut from the district budget. This included elimination or reduction of budget line items such as custodial supplies, staff development, capitol improvements, decreased contingency funds, elimination of bus monitors, elimination of printing PTO calendars and directories, elimination of contributions to the GJHP, etc. Also implemented were measures to generate revenue through activity participation fees and increased student registration fees.

After 12 years of budgets in which the District's annual revenues exceeded expenditures, this Board was now faced with a budget projecting expenditures would exceed revenues by approximately \$1,000,000. This would be the second

consecutive year in which the District's expenditures would exceed revenues. In response to the arrival of the financial consequences forecast in 1994 the Board discussed options for achieving an annual budget in which revenues exceeded expenditures. Mr. Myefski reminded the Board and audience that throughout these discussions and decision-making the Board would remain mindful of their three guiding principles:

- Maintain and Enhance Educational Programs
- Maintain Fiscal Responsibility
- Maintain Class Size with the Goal of 20 students per class

Dr. Crawford indicated there were no singular events causing the current financial condition of the district. It was anticipated to occur at some point in time and already realized by other schools in our township and area. She indicated the Board would hear information regarding decreasing expenditures and increasing revenues as methods of addressing the district's financial situation.

The Board reviewed options for cutting approximately \$1 million for 2004-2005 and approximately \$700,000 in the following school year. Amounts of this magnitude required elimination of staffing positions. The budget document for 2004-2005 indicated 76.58% of the operating budget was devoted to salaries and benefits. The mandated programs required of the district were identified (i.e., special education, physical education, core subjects, etc.). Non-mandated program were also identified (i.e., art, music, band, orchestra, foreign language, extended math, technology, teacher associates in kindergarten, first grade and the LLC, etc.). The number of sections per grade level was discussed with potential reductions to five sections per grade level resulting in class sizes ranging from 28-33 students. Comparisons of class size as reported in the 2003 school report cards or the township were reviewed. Class size across the township was comparable for grades kindergarten, third, fifth and eighth grades. It was estimated that elimination of 28 teaching position and 13 support staff positions would equate to approximately \$1.4 million. Dr. Crawford also indicated the Board could look to combining administrative positions.

The Board also discussed the option of placing a referendum question on the April 5, 2005 ballot. Mr. Chilcote reviewed revenue that would be generated by an operating fund referendum of \$.50. An increase of \$.50 would increase a tax bill of \$10,000 by approximately \$600. It was projected that this amount would generate approximately \$2.7 million dollars annually and allow the district to close the 2008-2009 fiscal year with a reserve of 3 months. It was identified that funds generated from a referendum would be used to maintain the current programs as opposed to adding new programs.

The Board and audience discussed items such as; the percentage of community members with children attending District #35, methods of educating the community, use of reserve funds, available dates for placing a referendum

question before the community, disadvantages of borrowing funds and interest to be paid, and next steps for the Board. An action item regarding the placing of a referendum question for operating funds would be placed on the October Board meeting agenda. It may be moved to an information item. The reverse could not occur, moving an information item to an action item.

The Board approved ratification of bills paid August 2004 and approved the bill list for September 2004. The Personnel Report for August 2004 was also approved.

The 2004-2005 Fiscal Year Budget was unanimously approved as presented during the Budget Hearing.

The NSSD 2004-2005 budget of \$42,466,051 was approved. The NSSD Governing Board had approved this budget in July. It was then presented to member districts for approval.

A number of Board policy revisions or additions were approved. They included:

- 4:30 Revenue and Investments
- 5:35 Compliance with the Fair Labor Standards Act
- 5:280 Educational Support Personnel Duties and Qualifications
- 5:310 Educational Support Personnel Compensatory Time-Off
- 6:65 Student Social and Emotional Development
- 7:250 Student Support Services

There were no additional public comments.

There were no Committee Reports and the following items were identified for the Board:

Maureen Valvassori, parent and community member, was a first place winner in the Champions in Education contest. Her entry was the Mystery Visitor program at South School.

The Abt Family Foundation, For Autistic Kids, provided generous support for a summer workshop attended by District #35 staff, parents, and NSSD staff.

Support and assistance from Glencoe Public Safety was identified regarding mandatory fingerprinting of new employees. The assistance provided by Rick Bold from Glencoe Park District in resodding the soccer fields was also acknowledged.

The meeting was adjourned and the Board went into closed session. The next monthly meeting of the Board is scheduled for October 18, 2004. It will be held at 7:30 p.m. in Young Auditorium at Central School.