School District U-46
Elgin, Illinois
August 23, 2021

The Finance Committee of the Board of Education met at 5:00 p.m. via Zoom and made available to the public in Room 140 of the Educational Services Center, 355 East Chicago Street, Elgin, Illinois, to present and discuss proposed changes to the FY22 U-46 Budget and provide an update on refunding. In attendance were Board members John Devereux, and Melissa Owens. Also in attendance were Board Members Sue Kerr, Dawn Martin, and Eva Porter as well as Tony Sanders, Superintendent, Trisha Olson, Chief Legal Officer, and Dale Burnidge, Director of Financial Operations.

1. Open Meeting and Introduction
   Mr. Devereux opened the meeting and stated everyone present.

2. Presentation and Discussion of Proposed Changes the FY22 Budget
   Mr. Burnidge began the presentation by stating the district for the past five years the budget has met the requirements of the Association of School Business Officials Meritorious Budget Award or MBA. The MBA recognizes excellence in school budget presentation and helps promote skills in developing and analyzing an effective budget, communication between departments to develop long-term and short-term strategies, clear budget guidelines, and builds confidence in our community with a reader-friendly budget.

   Mr. Burnidge stated property tax revenue can grow at the rate of inflation as measured by the Consumer Price Index or CPI, plus revenue from new construction. Mr. Burnidge stated for FY2022, property tax revenue is projected to increase by $5.4 million and that the 2021 tax year levy amount will be determined in December. The total tax abatement will be $9.6 million, which is the same as FY2021. Mr. Burnidge stated the Consumer Price Index has increased 1.4% and 2.3% for the past two years.

   Mr. Burnidge stated property taxes are 49% of the district's revenues. Mr. Burnidge stated the levy amount will always be the highest amount and added that last year the district added 1% to make sure it captured the full amount available for the extension. Mr. Burnidge stated from the extension amount, the district collected about 99% of the extension to get to its revenue amount, which is the orange line referenced.

   The second chart shows the district's Equalized Assessed Valuation (EAV) has been increasing over the past 4 years, and as valuations increase, the tax rate declines. Mr. Burnidge stated the Cook County reassessment is every three years, so there is a larger increase in 2019 for EAV.

   Mr. Burnidge stated in 2021 currently, the CPI has been higher than in the past few years and further stated for the last 12 months ending in July 2021 the CPI increase is 5.4%. The CPI at the end of December is what is used for the tax levy, so that amount could change in the next five months, but right now it is looking to be higher than the prior years.

Mr. Burnidge stated for Evidence Based Funding (EBF), the district is estimating a $15 million increase, so the total amount will be $212.3 million. EBF is 32% of the district's budgeted revenues. This is the fifth year for the EBF formula and we have received increased funding in four of the five years. The district is now at 61% of the adequacy target. Mr. Burnidge stated the district anticipates four quarterly payments for a total of $30.4 million of our revenue. Mr. Burnidge stated 2018 was the first year of the EBF formula. In FY2019 and FY2020, the district saw an increase of $21 million each year in new funding. Mr. Burnidge stated FY2021 funding was held flat, and this year the district is expecting a $15 million increase.

Mr. Burnidge stated the district's federal revenue is projected to be $83.4 million of our total revenue. The increase is due to the ESSER funds, which the district is projected to receive $31.2 million. Mr. Burnidge is projecting an $8 million increase in the Food and Nutrition category since the district has been able to serve meals in the summer and all meals during the school year will be eligible for Federal reimbursement this year.

Mr. Burnidge stated for salaries the district has an increase for its contractual agreements, and is anticipating an increase in summer and after school programs. Mr. Burnidge stated the employee benefits include a 5% increase for health insurance. Mr. Burnidge stated the salary and benefit expenses for the FY2022 budget are 67% of the total expenses.

Mr. Burnidge stated the district's largest expenditures will be $42.8 million for its bond principal and interest payments. The district will have $37 million for building capital projects, $31.2 million from the ESSER funds, for classroom technology, summer programs, after school programs, and its partnership with Learning Sciences International to create and support five Schools of Rigor and Equity.

Mr. Burnidge stated since the district's last debt issuance in 2015, there has been a principal reduction of $133.4 million. Mr. Burnidge stated during the tentative budget presentation in June, the district had a total of $95 million; however, since then the state has added an additional $17 million to the ESSER III funds, for a total of $112 million to be spent by September 30, 2024. In response to Ms. Kerr, Mr. Burnidge stated the district would like to find a way to maintain the programs it is able to fund due to the ESSER funds and is looking for ways to plan to allocate funds for those programs so the programs can be maintained going forward. In response to Mr. Sanders, Mr. Burnidge stated funds could also be moved from Capital Outlay to help pay for the summer programs in years to come.

Mr. Burnidge stated for local revenue, the district has had a deduction of $2.8 million for the student activity accounts, and there is a corresponding adjustment under other expenditures, for $2.8 million. Mr. Burnidge stated regarding expenditures, there were small adjustments to each category as the district updated for the additional EBF funds and reallocated some of the ESSER funds. The largest changes were in the Salaries and Capital outlay areas. In response to Ms. Owens, Mr. Burnidge stated the additional funds listed in Salaries and Capital Outlay are for the additional staff hired and the additional capital projects.

Mr. Burnidge stated the Operating funds show $601.3 million in revenue and $599.3 million in expenses for a net increase of $2 million. The operating funds are 91% of the total budget. Mr. Burnidge stated the special revenue funds, debt service, and capital project funds are also listed to bring the district to its total budget of $662.3 million in revenue and $660.8 million in expenditures.

In response to Ms. Owens, Mr. Burnidge stated Cook County only does their annual reassessment every three years which conflicts with the schedule as the district's schedule shows what the median home value is right now but that is not what is assessed on the current tax bill although it will be in 2022 assuming the values stay the same or increase. In response to Mr. Devereux, Mr. Burnidge confirmed the implication is the multiplier is really the holding spot for that likely reassessment in three years which is reflected in the multiplier.

Mr. Burnidge stated the public hearing for the FY2022 budget will be on September 13, 2021. The district will then present the estimated final fund balances for FY2021 and have the final adoption of the budget on September 27, 2021.

3. Discussion Regarding Update on Refunding
   Mr. Burnidge stated the district's credit rating was upgraded to AA and AA-. Mr. Burnidge stated today was the deadline for the bids and informed the Board Mr. Lewis of PMA has sent over the information and ran the calculations. Mr. Burnidge stated the estimated savings will be $1.8 million. In response to Mr. Devereux, Mr. Burnidge stated the next steps will be finalizing closing documents which will be ready to be signed on September 13, 2021. Mr. Burnidge stated the closing on the sale will be October 5, 2021.

4. Public Participation
   There were no public comments.

5. Adjournment
   Mr. Devereux adjourned the meeting.

Approved this _13th_ day of September 2021.

Susan E Kerr

President

Trisha A. Olson

Secretary