

School District U-46

Elgin, Illinois

August 17, 2020

The Finance Committee of the Board of Education met at 4:37 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 the proposed changes to the Fiscal Year 2021 Budget. In attendance were Board members John Devereux, and Melissa Owens. Also in attendance were Board Members Sue Kerr and Kate Thommes as well as Tony Sanders, Superintendent, Dale Burnidge, Director of Financial Operations, Dr. Josh Carpenter, Assistant Superintendent for Teaching and Learning, Robyn Cornelissen, Financial Controller, Dr. Suzanne Johnson, Deputy Superintendent for Instruction, Dr. Jeff King, Deputy Superintendent of Operations/Chief School Business Official, Dr. Ushma Shah, Assistant Superintendent for Elementary Schools Instruction and Equity.

1. Open Meeting and Introduction

Mr. Devereux opened the meeting and stated everyone present.

2. Presentation and Discussion of the Fiscal Year 2021 Tentative Budget

Mr. Burnidge began the presentation by stating for the past four years the budget document has met the requirements of the Association of School Business Officials Meritorious Budget Award or MBA.

Mr. Burnidge stated the property tax revenue can grow at the rate of inflation as measured by the Consumer Price Index or CPI, plus revenue from new construction. For FY2021 property tax revenue is projected to increase by \$9.0 million. Mr. Burnidge stated the 2020 tax year levy amount will be determined in December. The total tax abatement will be \$9.6 million, same as FY2020.

Mr. Burnidge stated the Consumer Price Index has increased 2.3% and 1.9% for the past two years, respectively. Mr. Burnidge stated new for this year, in the local revenue section, is \$5.3 million for Student Activity accounts. These are the accounts at the schools. Mr. Burnidge stated a new Government Accounting Standard #84 starts this year, so the district needs to budget for the revenue and expenditures for the school accounts.

Mr. Burnidge discussed extended levies and property tax revenue. He stated property taxes are 53% of the district's revenues. Mr. Burnidge stated the levy amount will always be the highest amount. Mr. Burnidge stated last year the district added 1% to make sure it captured the full amount available for the extension. From the extension amount the district collects about 99% of the extension to get to the revenue amount.

Mr. Burnidge stated currently in 2020, the CPI has remained lower than in the past few years, for the last 12 months ending in July 2020 the CPI increase is 1.0%. Mr. Burnidge stated the CPI at the end of December is what is used for the tax levy, so that amount could change in the next 5 months, but right now it is looking to be lower than the prior years.

For Evidence Based Funding, Mr. Burnidge stated the district is estimating no increase, so the amount will remain at the FY2020 level of \$197 million. Mr. Burnidge stated Evidence-Based Funding is 33% of the district's budgeted revenues. Mr. Burnidge stated Evidence-Based Funding consolidates and replaces these five grant programs: General State Aid, Special Education Personnel, Special Education funding for Children Requiring Services, Special Education Summer School, and English Learner Education.

Regarding Categorical funding, Mr. Burnidge stated the district anticipates three quarterly payments for a total of \$22.1 million or 4% of the district's revenue. Mr. Burnidge stated 2017 was the last year of the General State Aid formula, so the increase in 2018 is due to combining the grants mentioned on the previous slide with new funding. Mr. Burnidge stated in FY2019 and FY2020 the district saw an increase of \$21 million each year in new funding.

Mr. Burnidge stated the categorical reimbursements for Special Education, Transportation, Early Childhood, and others. For Special Education, the reduction from 2017 to 2018 is due to some of that funding moving into the Evidence-Based Funding formula.

Regarding the Federal Revenue outlook, Mr. Burnidge stated the district's Federal revenue is projected to be \$44.4 million or 7% of our total revenue. The district is projecting an increase in the Food and Nutrition category since the district has been able to serve meals in the summer. Mr. Burnidge stated the district also has an additional \$2.5 million from the CARES Act funding to help pay for pandemic and distance learning expenses.

Mr. Burnidge discussed the FY2021 Expenditure Outlook and stated there have not been any additional positions added although there is an increase in salaries for the district's contractual agreements. Mr. Burnidge stated employee benefits include a 5% increase for health insurance. Mr. Burnidge stated outside of salaries and benefits, the district's largest expenditures will be \$42.9 million for the district's bond principal and interest payments. Mr. Burnidge stated new this year, the district has an additional \$2.5 million from the CARES Act for supplies, including the hand washing stations and personal protective equipment.

Board Member Kate Thommes joined the Finance Committee Zoom meeting.

Mr. Burnidge discussed debt payments and outstanding principal balances since 2014. Since the district's last debt issuance in 2015, there has been a principal reduction of \$117 million.

Mr. Burnidge stated for local revenue the district has added the \$5.3 million for the student activity accounts, while reducing the amount of food purchases made by students. For Federal Aid, the district has added \$2.5 million for the CARES act and \$1.0 million for federal food and nutrition reimbursements. In response to Ms. Kerr, Mr. Burnidge

stated the things that fall under local revenue are largely investment income, sales of food to students, student activity accounts, and registration fees.

Mr. Burnidge discussed the district did not make any adjustments to salaries and benefits on the expenditure side; however, the district did review the department budgets in greater detail for purchased services, supplies, capital outlay, and equipment. Mr. Burnidge stated part of the increase in supplies is the CARES Act funds of \$2.5 million. Mr. Burnidge stated the capital outlay section was reduced by \$5.9 million, and \$5.3 million was added for the Student Activity accounts expenditures.

Mr. Burnidge stated the operating funds show \$541.3 million in revenue and \$538.4 million in expenses for a net increase of \$2.0 million. The operating funds are 90% of the total budget. Mr. Burnidge stated the special revenue funds, debt service, and capital project funds are also listed, to bring the total budget of \$602.4 million in revenue and \$599.5 million in expenditures

Mr. Burnidge stated the public hearing for the FY2021 budget will be on September 14, 2020 and have the final adoption of the budget on September 28, 2020.

3. Public Participation

There were no public comments.

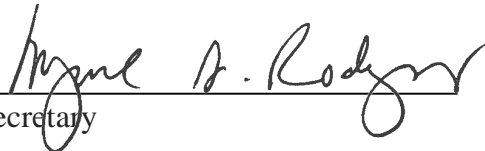
4. Adjournment

Ms. Owens adjourned the meeting.

Approved this 14th day of September, 2020.



President



Secretary