

North Boone Community Unit School District No. 200
Minutes of the Business Services Committee Meeting
District Office
6248 North Boone School Road
Poplar Grove, Illinois 61065
Thursday, November 7, 2013
5:00 p.m.

CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chairperson Collin Crull 5:15 p.m. The following Committee members were present: Mr. Don Ward, Mrs. Denise Balsley, Dr. Steven Baule, Mrs. Rhonda Boeke and Mrs. Deb Torrison. Absent were Mrs. Kelly Hanaman, Mr. Mike Wesbecher, Mrs. Jeannine Plath and Mrs. Mary Piske. Also present were Ms. Linda Bobert and Mr. Andrew Arndt from Baird Financial.

AUDIENCE TO VISITORS

(No Audience to Visitors)

OTHER ITEMS FOR DISCUSSION

Financial Software

Mrs. Boeke distributed a comparison of six financial software programs to the committee. Skyward and SunGard are the leading vendors to move forward. Dr. Baule shared that SunGard is the premier vendor and offers a 'light' product that isn't quite as flexible, but also doesn't require all the IT expertise of the full product. He also stated he has only heard positive feedback on Skyward.

Hinckley-Big Rock and Pecatonica are two other districts that are interested in moving to new software and may wish to join us, enabling us to receive a ten percent discount from Skyward, and reduced costs due to shared training with either product. Hinckley-Big Rock is leaning toward Skyward, with Pecatonica still undecided. SunGard training is more expensive since instructors would be traveling from Pennsylvania, whereas Skyward is located in Stevens Point, Wisconsin. Dr. Baule mentioned that both Belvidere and Rockford are current users of SunGard, while Mr. Ward shared that Harlem has used Skyward for a long time, but they have moved away from that vendor for their financial software. Mr. Crull asked about the time table with moving forward, and Dr. Baule responded that we tentatively would have a decision before winter break. Mr. Ward asked if we had sufficient hardware to support these systems, and was told by Dr. Baule we would have to purchase hardware with either system. Dr. Baule invited the Board members join the vendor visits and be involved in the selection process.

.....
Mr. Brian Reininger arrived at 5:22 p.m.
.....

Levy

Mrs. Boeke shared the levy financial spreadsheets. The county assessor estimated the EAV is projected at an overall \$7,950,000 decrease, including new construction. In four years, the EAV has dropped almost 25 percent. Dr. Baule said there is also some concern that businesses are looking to challenge their taxes. For instance, Poplar Grove State Bank may object to about 80 percent of the homes they own. Ms. Bobert agreed that we need to levy what we need to balance the budget. Mr. Ward explained that with tax caps, we cannot recoup money if we have a lot of growth. Dr. Baule asked if everyone was comfortable in taking the balloon levy approach. Mrs. Boeke said the most we could potentially receive is \$8,571,000, but \$8,795,000 is what would be levied, a 4.93 percent increase. Dr. Baule noted we are almost \$1,000,000 short for this levy, and that the bonded interest last year was \$2,000,000 and will be \$2,300,000 this year. Mrs. Balsley inquired about the amount in the Special Education fund. Mrs. Boeke stated that the maximum allowable is \$1,100,000 for Special Education, but we've always under-levied that fund. Dr. Baule explained that Special Education fund is relatively new, and we've increased that fund a lot because we are at the maximum rate for the Education Fund. For example, Special Education teachers that were historically paid out of the Education Fund, but now have to be paid from the Special Education fund. Mrs. Balsley questioned why the maximum was exceeded for working cash, while not reaching the maximum in the Education Fund. Mrs. Boeke will modify the spreadsheet to reduce the amount in the working cash fund, and transfer those dollars to another fund. Mrs. Torrison asked how much of an EAV drop would it take to absorb the \$100,000 cushion. Dr. Baule replied that if it went down two percent, it would max out. Mr. Ward noted that while there was an increase in agriculture assessment, there was a seven percent decline across the board for residential property.

CDB Update

Mr. Ward prepared a presentation on the use of the CDB funds. He said it was desire of the 2002 Board that if the referendum passed, the CDB money would be used to reduce taxes. However, due to the unexpected, difficult economic situation today, there are some questions regarding what to do with the money. Taxpayers are feeling the effects of the tax burden, but the District also has needs with safety upgrades and maintenance projects. Mr. Ward suggested a scenario of repaying taxpayers in increments, investing CDB money, and possibly generating \$2,300,000 in interest to be used around the district for various projects. This is a way to take the edge off sharp increases, while keeping the promise made ten years ago. Ms. Bobert mentioned there are different scenarios to handle this, and many ways to restructure the bonds. She also issued one cautionary statement regarding the need for a list of items in which we plan to use the interest. She stated the Federal Government doesn't like to have us earn interest on their money, and noted there are restrictions to spending this money. Dr. Baule thanked Mrs. Jayne Ries from Tobin and Ramon Law Offices for gathering historical data the CDB asked for in order to receive the grant.

Ms. Bobert stated that all existing debt will be retired in 2024. We have a borrowing rate of \$7,000,000 - \$9,000,000 depending on EAV. We also have available to us a Debt Service Extension Base. She also explained the expectation for the influx of growth was the determining

factor for the structure of the current bonds. Mr. Andrew Arndt calculated the figures for reducing the bond and levies. There is a limit, in that we can only take out debt for 20 years. Some assumptions are to pledge half to abate the levies, and then restructure the debt to make it more palatable. Ms. Bobert encouraged the committee to give any questions they have to Dr. Baule and Mrs. Boeke, and they could present the questions to Baird.

Dr. Baule reviewed the PMA presentation with the committee. PMA puts all of the sales tax revenues, approximately \$400,000, into abatement each year. Ms. Bobert said she hopes we are accumulating life safety amendments. Mr. Reininger asked how we can restructure bonds if they aren't callable. Ms. Bobert said we would sell new bonds and form an escrow, with the old bonds to be paid by escrow and the new bonds paid by taxpayers. The escrow would be funded by government securities. Mrs. Balsley asked if we could use life safety money for security. Dr. Baule said we cannot right now, but supposedly the law is changing. Mr. Ward recommended the Board leave a buffer for emergencies.

The next meeting will be held after the money has been received from the CDB along with the list of restrictions. Dr. Baule will meet with Ms. Bobert and Chapman and Cutler. Chapman and Cutler is a leading legal firm in the Illinois bond arena, and are advisors to most districts. With all the new regulations, they will provide guidance on how not to misstep. Mrs. Balsley asked if Chapman and Cutler will provide us with guidelines. Ms. Bobert replied that it would be helpful to Baird as well as Chapman and Cutler to know our priorities to help them arrive at a structure that can satisfy our goals. Mr. Ward asked which fund the money should go to once it arrives. Dr. Baule said we'd have to wait for a list of restrictions. Mr. Ward asked Dr. Baule to consult with other districts on where they have put like money in the short term. Ms. Bobert mentioned that Rockford put their money in escrow. Mrs. Boeke offered to contact other districts to collect information on their past practice. Mr. Ward asked if it was possible that the CDB money may not come in time to affect the June 2014 tax bills. Mrs. Boeke took the action to ask the county what the deadline is to amend the levy to affect the 2014 tax bills.

ANNOUNCEMENTS

The next meeting date will likely be after we receive formal notification of the CDB money and the list of restrictions

ADJOURNMENT

The meeting adjourned at 7:02 p.m.

Submitted by:

Collin Crull, Chairperson