

GLENBROOK HIGH SCHOOL DISTRICT 225**FINANCE COMMITTEE MINUTES**

November 26, 2012 7:30 – 9:00 AM

Glenbrook South Room 128

Agenda Item #1: Call to Order

A regular meeting of the Finance Committee was held at Glenbrook South on November 26, 2012. The meeting convened at 7:30AM. Members in attendance were Bob Boron, John Finan, Gary Freund, Paul Pryma, Dr. Mike Riggle, Hillarie Siena, Vicki Tarver, and Dr. Brian Wegley. Also present were Dr. Steve Caliendo, Sean Garrison, Jennifer Nimke, and Sharon Sheehan. Members not in attendance were Dr. Kim Ptak and Joel Taub.

Agenda Item #2: Enrollment Projections

Mrs. Siena provided the committee with historical enrollment from the 2007 through 2013 school years and projections for the 2014 through 2018 school years. Mrs. Siena reviewed the “Cohort Survival Ratio” methodology used to develop the projections. Mrs. Siena discussed the 7-year historical trends at Glenbrook North and Glenbrook South. Projections reflect an anticipated “enrollment bubble” from the Village of Glenview; specifically related to The Glen. Mrs. Siena indicated that this will most likely be a temporary flux for 5-6 years and then enrollment should normalize. Mr. Finan commented that there is no way to really know the exact duration. Mrs. Siena referred to the projections as being a good indicator, stating that previous projections have been very close to actual numbers.

Mrs. Siena reflected on other factors that may affect the enrollment projections including changes in the housing market (specifically for Northbrook), changes in the economy, and new housing developments. Dr. Riggle stated that the District needs to watch a new 2-building apartment complex development at Waukegan and Golf (not within D225 boundaries). Mrs. Siena added that D34’s numbers need to be looked at carefully to identify 8th grade students who will be attending D225. Mrs. Siena and Dr. Riggle reviewed some additional real-estate developments in the area. Dr. Riggle indicated that these projects are for luxury apartments and should attract working professionals rather than families; therefore, they may not effect enrollment.

Further discussion regarding Glenbrook South’s increasing enrollment occurred. Dr. Riggle asked for a full capacity study to be completed by this time next year.

Agenda Item #3: Final 2012 Tax Levy

Mrs. Siena presented the committee with a revised 2012 Levy. Mrs. Siena stated that there is a significant change from the tentative levy due to a change in the assessed value of the Astellas development. The tentative levy reflected 6.9% and the final levy reflects 5%. The change is relative to the new growth factor originally at 3.9% for the tentative levy, now 2% for the final levy. A March 2012 fiscal analysis valued the property at \$173 million. Recent assessment lowered this number to

approximately \$50 million. Mrs. Siena explained that this change is due to the fact that the property is assessed in phases, and current values reflect a partial assessment.

Mrs. Siena reminded the committee that the levy is just a request and includes a one-time opportunity to capture new property. Mrs. Siena stated that it is common practice among school business officials to “balloon levy” in order to capture all new growth. Mrs. Siena also reminded the committee that a levy above 5% requires a public hearing. It has been the practice of District 225 to hold a public hearing each year prior to levy adoption.

Dr. Wegley asked if the 5% levy was high enough to capture all new growth. Mrs. Siena referred to new growth numbers on the 7-year tax extensions worksheet provided. Mr. Boron asked if the new growth percentage was adequate. Mrs. Siena referred to the worksheet and predicts that only 1.2% or 1.3% will actually be received.

Dr. Riggle asked about the sources of information and reasons for the change in the assessed valuation of the Astellas development. Mrs. Siena identified that the changes reflected more accurate information that was received after the tentative levy. Mrs. Siena identified an independent March 2012 fiscal analysis report that divided the property into three phases with a total valuation of \$173 million. Only a part of this property will be assessed this tax year (\$50 million). As a result, the new growth factor is expected to be higher than normal over the next few years to ensure that the total value of the property is captured over time.

Mrs. Siena shared information on legislative proposals that would change the ability for school districts to levy more than 0% if the value of property declines. Mr. Boron stated this proposal would result in lower tax revenue. Mr. Boron expressed concern over funding for enrollment increases. Mrs. Siena replied that we will need to monitor funding sources carefully. Mr. Boron indicated that the District needs to fund reserves. Both Dr. Wegley and Mr. Freund stated that the projected enrollment increases are not certain to predict a bubble. Mr. Boron mentioned housing turnover as another factor in enrollment fluctuations. Mrs. Siena reflected that several factors can affect the enrollment numbers. Mr. Boron stated that next year’s numbers will indicate a more realistic trend. Dr. Riggle stated that the District needs to monitor new legislative and funding changes closely; including pension reform, bonds, etc. Mrs. Siena indicated that the District’s debt is structured to maintain level numbers. Dr. Riggle commented that the District is continually exploring debt restructuring opportunities.

Mrs. Siena reviewed TIF Districts; make whole payments, and other tax incentives given to new developments and how these will affect future funding for the District.

Agenda Item #4: Update on Financial Projections

Mrs. Siena reviewed the revenue and expenditure assumptions presented to the board at budget adoption. Mrs. Siena cautioned that new legislation may eliminate General State Aid funding for flat grant Districts. Dr. Riggle asked Mrs. Siena to explain “flat grant”. Mrs. Siena explained the three funding methods for General State Aid; Full Formula, Alternate Formula, and Flat Grant. District 225 moved from the alternate formula to flat grant this year. Dr. Riggle asked that changes in assumptions from tentative to final budget adoption be identified on the report. Mr. Freund asked that that budget reduction plan be included as well. Mrs. Siena indicated that updated information will be presented to the board in February, once the CPI is known. At that time, the board will be asked to look at student fees and 2014 recommendations.

Mrs. Siena reviewed the projected fund balance with assumptions. Mrs. Siena reiterated that pension reform and collective bargaining may have material effect on current projections.

Agenda Item #5: Other

Mrs. Siena shared the budget update document from the Illinois State Board of Education Meeting on October 29-30, 2012. Mrs. Siena reflected on the decline in school funding from the State of Illinois, reduction in grant appropriations, and other items which directly affect District revenues.

Agenda Item #6: Adjournment

The meeting concluded at 9:00 AM.

Next meeting date TBD