

**Oak Park and River Forest High School  
201 N. Scoville  
Oak Park, IL 60302**

**Finance Advisory Committee  
Minutes  
December 2, 2013**

A Finance Advisory Committee meeting was held on Monday, December 2, 2013, in the Board Room. Mr. Weissglass opened the meeting at 7:07 p.m. A roll call included the following members: Tod Altenburg, Thomas F. Cofsky; Judi Greffin, Dr. Tina Halliman; Sheila Hardin; Dr. Isoye, Karen Latham, Christopher Meister, David Pope, Robert Spatz, Peter Traczyk, and Louis Vitullo, Jeff Weissglass. Also attending was: Gail Kalmerton. Dr. Jackie Moore was absent.

Visitors: Karin Sullivan, OPRFHS Communications and Community Relations Coordinator; and Dr. Ralph Lee.

**Approval of Minutes**

Mr. Weissglass moved to approve the minutes of November 4, 2013; seconded by Mr. Pope. A voice vote resulted in motion carried. Dr. Halliman abstained from the vote.

Mr. Weissglass moved to approve the minutes of November 18, 2013; seconded by Mr. Pope. A voice vote resulted in motion carried. Dr. Halliman and Ms. Greffin abstained.

**Fund Balance Phase-Down Recommendation**

Mr. Weissglass moved to adopt the set of recommendations embedded in the Fund Balance Phase-Down document as the recommendation of the Finance Advisory Committee to be presented to the Board of Education; seconded by Mr. Meister. A roll call vote resulted in the following ayes. Mr. Vitullo, Mr. Cofsky, Ms. Greffin, Mr. Latham, Mr. Meister, Mr. Pope, Mr. Spatz, Mr. Traczyk, and Mr. Weissglass. Dr. Isoye, Mr. Altenburg, Dr. Halliman, and Ms. Hardin abstained. Motion carried.

D200 Finance Advisory Committee Recommendations for  
Fund Balance Phase Down and Property Tax Relief

**Background**

- Total Fund Balance grew unusually high over the last 10 years due to:
  - o Phase in of 2002 referendum
  - o Efforts to minimize growth in expenses
  - o Maximum allowable tax levies
- High fund balance creates risks:
  - o Unnecessarily high tax levels
  - o Community distrust
  - o Use of fund balance to pay for deficits over several years could lead to a need to request a large tax increase in a future referendum

**Phase Down Objectives**

- Reduce Operating Fund Balances to:
  - o Under 100% of expenses within 2 to 4 years, i.e., by June 2018.
  - o Further reductions to below 40% of expenses (approximately 5 months), but not less than 25% (3 months), within 8 to 10 years, i.e., by June 2024.
- Maintain Non-Operating Fund Balances at reasonable levels to meet debt service requirements on any outstanding bonds and for clearly identified Life Safety and Capital projects.
- Key considerations while pursuing phase down, which must be balanced, are to:
  - o Assure sound financial footing to be able to focus on educational objectives
  - o Constrain growth of taxes
  - o Provide tax relief in the near term in an effort to benefit more property owners who helped build the fund balance
  - o Seek to have significant capital projects paid for over time
  - o Minimize financing costs when possible
  - o Plan for a reasonably sized and timed referendum
  - o Maintain ability to borrow money at favorable rates, if needed
  - o Provide District with flexibility to adjust strategy for phase down based on refinement of pool proposal and adoption of 5-year strategic plan currently under consideration by the Board
  - o Continuously improve financial oversight and communications practices (additional recommendations to be provided by FAC)

#### Phase Down and Property Tax Relief Mechanisms

- A combination of some or all of the following mechanisms can be used to achieve the phase down objectives:
  - o Pre-pay outstanding debt certificates in December 2013, as approved by the board in November, 2013
  - o Pay principal and interest on outstanding bonds until maturity in 2016 through transfers from Operating Fund Balance rather than from taxes
  - o Maintain a flat (2012 rate) levy for up to 4 years, beginning with property taxes paid in 2014 (assessed in 2013)
  - o Provide a significant levy reduction over a period of 1 or 2 years, beginning with property taxes paid in 2014 (assessed in 2013)
  - o Transfer a portion of the Operating Fund Balance to Capital to pay for the pool project, subject to appropriate community support
  - o On-going efforts to minimize growth in expenses

#### Specific recommendations for 2013 property taxes

- Abate taxes for debt service of approximately \$2.4 million
- Adopt a levy at one of the following levels:
  - o 2012 level (assessed in 2013) with no changes (flat)
  - o \$10 million dollars below the 2012 level

#### Recommendations for 2014 – 2016 property taxes

- Abate taxes annually for remaining debt service on outstanding debt
- Bring the Operating Fund Balance below 100% of annual expenses through one or more of:
  - o Continued flat property tax levies
  - o Considering an initial, or one additional, significant levy reduction in 2014 and/or 2015
  - o Appropriately authorized expenditure on the pool project

#### Notes and Key Constraints

- The above recommendations are based upon information provided to, and reviewed by, the Finance Advisory Committee between July and December 2013.
- If the Operating Fund balance is reduced in the short term primarily through tax reductions, building and other major capital spending could be financed in part using non-referendum borrowing or through a bond referendum. Community support for a pool or other major capital project is, however, considered vital.
- The significant tax reduction strategy is subject to important constraints:
  - o State law limits the ability of a school district to reduce the tax level and then return to prior levels. Specifically, D200 can reinstate an earlier, higher tax level only after 1 or 2 years of reduction, and only if the second year's levy is an additional cut from the 1st year's levy
  - o Due to Cook County's tax collection process of using 55% of prior year's taxes to determine the first installment, taking too large a single year cut would cause the formula to show taxes due of less than 0 in the year following the cut. If the board decided on pursuing a significant levy reduction, doing it over two years would therefore make more sense.

### **Communications & Future of the FAC**

Mr. Weissglass suggested having a monthly meeting in the next couple of months and encouraged their attendance at the Special Board Meeting on Tuesday, December 10, 2013 where this would be presented to the Board of Education.

### **Visitor Comments**

None

### **Adjournment**

At 9:15 p.m., Ms. Greffin moved to adjourn; seconded by Ms. Hardin. A voice vote resulted in all ayes. Motion carried.

Submitted by Gail Kalmerton  
Clerk of the Board