

OAK PARK AND RIVER FOREST HIGH SCHOOL  
201 North Scoville Ave.  
Oak Park, IL 60302

**FINANCE COMMITTEE MEETING**

October 16, 2007

A Finance Committee meeting was held on Tuesday, October 16, 2007. Mr. Rigas called the meeting to order at 7:35 a.m. in the Board Room. Committee members present were: Jacques A. Conway, Dr. Ralph H. Lee, Sharon Patchak-Layman, Dr. Dietra D. Millard, and John P. Rigas. Also present were: Dr. Attila J. Weninger, Superintendent; Cheryl L. Witham, Chief Financial Officer; Jack Lanenga, Assistant Superintendent for Operations; Amy Hill, Director of Assessment and Research, and Gail Kalmerton, Executive Assistant/Clerk of the Board.

Visitors: James Hunter, FSEC Chair; and Doug Wiley, Supervisor of Finance.

**Acceptance of the September Finance Committee Minutes**

The September Finance Committee Minutes were accepted, as presented.

**Request to Rent the Fieldhouse**

It was the consensus of the Finance Committee members to deny the request of the Girl Scouts to use the Fieldhouse as its distribution center free of charge.

**Preliminary Levy**

Ms. Witham presented the following report on the Levy.

“The Preliminary Levy must be placed on display no less than 20 days in advance of adoption. The Board of Education will adopt the 2007 Levy at its regularly scheduled Board meeting on December 20, 2007. A Truth in Taxation meeting will be held at the regularly scheduled Board Meeting on December 20, 2007.

“Property tax is a fairly consistent tax, but with the passage of the Property Tax Extension Limitation Law (PTELL or “tax cap”) in 1995 the District lost control over its growth; it is now limited to the lesser of 5% or the previous year Consumer Price Index (CPI) plus new property. The total tax received will not exceed the “tax cap” limitation. The value of new property is unknown to the District at this time and is therefore an estimate. Regardless of how much the District requests, no more than the maximum allowable under the law will be received.

“For the 2007 Levy the CPI used is 2.5% and EAV for new property is estimated at \$20,000,000 plus \$20,345,170 in TIF carveouts. The estimate of the 2007 aggregate tax Levy is 104.56 percent of the Preliminary 2006 Levy.

<b>Fund</b>	<b>Preliminary 2006 Levy</b>	<b>Preliminary 2007 Levy</b>
Education	\$ 43,075,463	\$ 44,612,278
Liability Insurance	1,113,616	1,141,456
Special Education	406,372	476,232
O&M	5,009,319	5,067,320
Transp.	810,790	831,060
IMRF	998,347	1,023,306
SS	998,347	1,023,306
Working Cash	310,640	997,029
Life Safety	1,015,930	1,024,058
Total	\$ 53,738,824	\$ 56,196,045
Bond & Interest	\$3,006,954	\$3,008,516
<b>TOTAL LEVY</b>	<b>\$ 56,745,778</b>	<b>\$ 59,204,561</b>

**“The following is the Timeline for the Levy**

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<b>October 16</b>	<b>Finance Meeting</b>	<b>Preliminary Levy</b>
<b>November 6</b>	<b>Finance Meeting</b>	<b>Preliminary Levy</b>
<b>December 20</b>	<b>BOE Meeting</b>	<b>Public Hearing</b>
<b>December 20</b>	<b>BOE Meeting</b>	<b>Final Adoption of Levy</b>

“The Truth in Taxation Act (35ILCS 200/18-60) requires a public hearing if the estimate of the aggregate tax Levy exceeds 105 percent of the amount extended the previous year. On December 20, the District will give the community an opportunity for public comment concerning the Levy.

Ms. Witham noted that no matter how much the District levies, it would only get the amount allowable by law.

Discussion ensued.

Q: Is the Levy for half of the school year? If the budget were reduced, could the amount of the levy be reduced?

A: If the Board of Education wanted to reduce its revenue significantly, then it would reduce this levy. If the District did increase the levy for the TIF carve out dollars, the carved out EAV would just roll into the total EAV, and it would, in effect, reduce property taxes for individual homeowners.

Q: Does this set half of the revenue budget for the year?

A: The first payment would be in March of 2008 and the second in the fall of 2008, spanning over two fiscal years. Due to the structural imbalance of public education funding in Illinois, if the revenue were increased by only 2 ½% (CPI), eventually drastic cuts would have to be made because school district expenses are mostly salaries and benefits which exceed CPI

Ms. Patchak-Layman observed that there was a question about homeowners who have to pay into a saving account for eight to nine years down the road. She felt fund balances were currently sufficient to cover expenses if tax dollars were not received on a timely basis. She continued that setting revenue was not isolated to a taxing body and, if the larger community feels they may need to move because the taxes are too high, then the taxing bodies have an obligation to ease the tax burden. This is the present situation. In some categories, the fund balances are equal to expenditures or close to that and the total expenditures are over \$60,000,000. Ms. Witham responded that the District has been accumulating fund balances as had been agreed so that it could project out to 2018 without an additional referendum when the District's debt is gone. In 2014, the District will begin to deficit spend. Some time between 2014 and 2018, the District will need to go for a referendum. Mr. Rigas added that if the levy dollars were reduced, they would be gone forever. To make a decision to lower the levy must encompass looking at the entire picture.

Dr. Lee asked if it were true that the primary reason for the District's annual increases in operating costs exceeding the cost of living is because of the peculiar economics of all public education which involves a cost of living and step increase, i.e., a person with a starting salary of \$30,000 and an ending salary of \$80,000 at the time they retire. The response was that it was the same in all situations, be it education, commerce or industry. Dr. Lee suggested that it might be exaggerated in education because education does not have massive layoffs. In public education, to offset that factor, the workforce is kept stable by lower entry points.

Dr. Millard remarked that if the Board of Education cut out \$500,000 for the present community, it would essentially be taking actions that would affect activities and programs, and thus influencing real estate property values within the school district. Dr. Millard responded to Ms. Patchak-Layman statement that taxing bodies must always look at the dollars for the community by saying that the District does that through its zero budgeting process. Ms. Patchak-Layman stated that it was balancing on what is done every year, based on reserves. Because the reserves are at a level that meets the school's needs at this time, it causes more tension in terms of watching the dollars in terms of the current programs and staffing to meet the needs of the community. There is not a one-to-one connection of what one spends and what one gets. Across the state, there is a wide variation in spending, needs, and income. It is the ability to spend money on the needs of the students, and it must be done in connection with the needs of the community.

### **Details on Board Education Budget**

Per discussion, at the September 18th Finance Committee meeting, Ms. Witham presented a table detailing the Board of Education budget for fiscal year 2008. Discussion ensued.

### **Adjournment**

The Finance Committee adjourned at 8:18 a.m.