

MINUTES OF FINANCE COMMITTEE MEETING

Homewood-Flossmoor High School, 999 Kedzie Ave., Flossmoor

August 8, 2024

In attendance for all or part of the meeting were Ms. Jackson, Mr. Pauling, Mr. Anderson, Dr. Cook and Mr. Patterson. Dr. Wakeley was absent. Mr. Edward Wright and Mr. Ryan Kelley, DLA Architects, were also in attendance.

Ms. Marilyn Thomas, HF Chronicle, was in attendance. Ms. Barbara Karstrom, community member was also in attendance.

The meeting was called to order at 7:32 a.m.

Approval of Minutes. The May 16, 2024, Finance Committee minutes stand approved as presented.

Comments. Ms. Karstrom shared that 4.12% of her property taxes are received by the district. She requested that the community be provided with some fiscal out showing of responsibility of how tax payer dollars are being used. Ms. Karstrom questioned if the district needs this amount of revenue with what she believes is a declining enrollment. Ms. Karstrom also asked if information on the tracking of non-resident students could be reported along with the penalties given. Ms. Karstrom voiced that in her perspective too many students are getting an excellent education without paying for it. Mr. Pauling stated that this is a great opportunity to leverage our much-improved communication resources to deliver the Finance Committee's work. He added that this committee works very hard and the board has delivered a considerable amount of tax relief over the past several years to our community. Mr. Pauling stated that they can also deliver a better narrative around students who are here at HF properly and can communicate to the community the district's residency initiatives and monitoring. Mr. Pauling thanked Ms. Karstrom for attending and they will see that information is shared with the community on how the board is leveraging the tax dollars and the steps that they are taking to minimize that burden to the community. Ms. Karstrom asked for the number of residency hearings that occurred this past school year. Dr. Cook stated that they average 10-12 hearings per year. He noted there are two full time residency officers that conduct the residency investigations. Dr. Cook added that the cases rarely get to the board because people generally leave the district before a hearing is held due to the large amount of evidence that has been collected and made available by the residency investigators. Mr. Pauling stated that information on the number of residency cases that Ms. Karstrom requested can also be provided. Mr. Pauling noted that residency is something that is focused on and invested in.

Capital Projects Updates

DLA Architects Mr. Wright and Mr. Kelley reported the North Building Culinary project that will house a full commercial kitchen is on time and on budget. The Commercial culinary lab will be completed for this school year. The fashion design spaces were completed in January and the residential kitchen was completed in June. The residential

kitchen was used during summer school. There was some additional work needed in the commercial kitchen and crews are working to get the commercial kitchen ready for the opening of school. Mr. Kelley also reported that the science building should be ready in January 2025. Almost all the electrical, mechanical and plumbing are done. Masonry work is about 90% complete, the roof and windows will be installed in September. Once the building is enclosed, crews will work on the building's finishes. The project remains on budget. An allowance of \$250,000 was planned for winter conditions and a little over \$197,000 was used. The remaining monies will be returned to the district upon the project's completion. Gabriela Martin with Illinois Clean Energy Community Foundation came to H-F in May for a walk through of the construction site. The foundation will award \$2 million toward construction costs of a green building. The project has gone through two interim reports. Students will see how the science addition is meeting Net Zero standards through graphics displays within the building. The district is also eligible for a \$40,000 grant from ComEd for energy conservation and that grant will be awarded when construction is complete. The Finance Committee asked for an opportunity for the full board to do a pre-board meeting tour of the culinary and science areas on August 20. It was also suggested that the community have an opportunity to tour the new facilities as well. Mr. Wright stated that part of the grant requirement is providing tours of the Net Zero building, which they spoke early on about. He added that it is not just for the school but it is also for the community.

Tentative 2024-2025 Budget

2024-2025 Tentative Budget Highlights

Dr. Cook overviewed the 2024-2025 tentative budget. He noted the information presented today is focused on the budgeting of operational funds. He shared the ending audit numbers for Operating Revenues for the previous three fiscal years. Dr. Cook stated these audit numbers are the numbers presented to ISBE. He noted FY24 audited numbers are not available at this point. The projected Operating Revenues budgeted for FY24 were \$70,963,330. The projected Operating Revenues budgeted for FY25 is \$73,729,670. He pointed out that Last year was the first year that the board decided to keep the district's refund levy which was approximately \$550,000. In FY23, the refund levy was rebated back to the community. In addition, approximately \$1 million was refunded back due to property tax appeals. Dr. Cook added that there is still a chance that the FY24 projected budget amount can still go down due to outstanding tax appeals. Evidence Based Funding (EBF) has increased slightly due to another Property Tax Relief Grant (PTRG). There is a decrease in federal grants due to the ESSER and Community Property Tax Grant expiring this year. State grants remain about the same from FY24. Dr. Cook reviewed audited Operational Expenditures for the last three fiscal years. He pointed out audited FY24 numbers are not yet available. FY25 is budgeted at \$72,343,974. \$65,555,657 was budgeted for FY24. An increase in purchased services can be seen due to budgeting more funds for conference attendance which has increased since Covid when people were held back from going to conferences. Purchased services also includes consulting firms coming in regarding curriculum and instruction. In addition, some items will need to be purchased for food service and food service is helping in this area. Quest will provide \$50,000 over a number of years that

will help with these projects. Mr. Patterson stated that \$18,000 was spent this year for updating outdated kitchen equipment. Dr. Cook pointed out under Other Objects, outside tuition for special ed services has increased due to special ed services provided out of the district. He noted that some of the facilities needed for student services are not in the state. The number of students outplaced last year jumped up to 57 from 40 students. An IEP team determines a student's placement. Total operating expenditures projected for FY 25 is \$72,343,974. Operating expenditures (non audited) for FY 24 was 65,555,657. Small equipment includes anything that costs \$500 or less and mostly consists of technology needs. Mr. Anderson requested data for a better understanding of the continued growth in benefits cost as compared to pre-pandemic cost based on a per student basis. He requested the same data for purchased services now compared to pre-pandemic on a per student basis. Mr. Pauling asked that our cost experience be compared with other districts. He would like the data to show whether the district is in synch with other districts with benefits costs and if the district is not, what is the reason and what is driving that cost. Dr. Cook stated that he will do the best he can to provide that information. Mr. Anderson spoke on the current reassessments that are driving the Property tax increases the community is experiencing. Dr. Cook stated that the majority of property taxes go to schools. He explained that the percentage rate that is allotted to HF is going down (4.112% from 5.807% in FY22). However, the reassessment values are going up. Mr. Pauling pointed out that the current reassessments are out of the board's control. Mr. Anderson noted that the amount that his taxes are paying to HF has doubled and he noted that the district cannot levy more than 5%. He asked where is the other 95% going if the district is only getting 5% of his property taxes. Dr. Cook will work with Township Treasurer Dr. Rob Grossi to get more information on the current tax situation and reassessments that the community is experiencing.

2024-2025 Budget Calendar

Dr. Cook reviewed the budget timeline. In April/May, he met with department chairs and administrators to review their 2023-2024 budget and plan for their 2024-2025 budget based on their needs. In late June he met with Dr. Wakeley to review the district's budgetary needs. The budget will be on display for the next 30 calendar days with the board approving the tentative budget at the September 17 board meeting. Dr. Cook will file the budget with the Cook County Clerk after the September board meeting as mandated.

Adjournment. The meeting adjourned at 9:01 a.m.