



Cary Community Consolidated School District 26

Board of Education

Administration Center
2115 Crystal Lake Road, Cary, IL 60013

Special Board of Education Meeting Minutes For Monday, September 29

The Board of Education of Cary Community Consolidated School District, McHenry and Lake Counties, Cary, Illinois, held a regularly scheduled meeting on,
at 6:30 p.m. at Cary Junior High,
2109 Crystal Lake Road, Cary, Illinois, 60013.

Public Hearing on 2008-2009 Budget Part I

1. Organization

1.1 Call to Order

The Public Hearing on the 2008-2009 Budget was called to order by Mr. Loew at 6:32 p.m.

1.2 Roll Call

Board Members Physically Present: Craig Loew, Randy Lawrence, Dave Ruelle, Stephen Bush, Julie Jette

Board Members Absent: Chris Jenner, Julie Lehman

2. Community Input

2.1 Presentation of Budget

Mr. Drafall – The budget has been displayed for 30 days. The budget that is in your packets – the differences from that and the original budget is the adjustments made from the board determinate on the administrative pay structure and the ESP pay structure. There were some adjustments in those areas that affected the bottom line. The 2009 budget for Cary School District this year is a very standard, simple budget carrying over essentially the same program structure as in the previous year. Obviously, the board made some adjustments and recommendations for staffing. Those were reflected in the new contract extension with CEA for the next 3 years have been reflected. There had been significant increases in classroom supplies that accounts for all of our programming, our adjustments for Special Education as we project them to be....some reductions there. We are limiting overtime – although we have budget appropriate for what we

know we will have overtime for. Also, controlling field trips – trying to localize them, making use of closer proximity. There are increases for utilities. That will be gauged – I will just take one moment to say that we are hopeful right now that some of the increases, particularly in the natural gas areas, haven't materialized as we first suspected back when we initially started the budget. We are hoping that that will continue and that will be a favorable outcome for us in the Operations and Maintenance. None the less, we budgeted conservatively to cover expected market conditions which have shown themselves for the last few years.

One of the pages that you have – the second front page – that has a more detailed breakdown of expenses. This has the 07 – amended 08 budget and the projected 09 by fund and by object. As you can see, obviously, there are adjustments for significant increase in salaries and actually with those tuition decreases and some of the readjustment that the State has done in the budgeting system – you see a decrease in the Education Fund of \$143,000. On the Operation side there is a decrease – there would be a decrease from last year – the Operations and Maintenance fund paid for both the move to the Jr. High and the outfitting of the Jr. High by the Administration Center. But also, there was the debt amount for the alternative revenue bond that the district has for work that was done on its HVAC system several years ago. That has moved into the debt service fund now.

Transportation – hopefully we are taking advantage of some of those lesser field trips – we have increased the supplies, which is the gasoline and we are hoping to control those costs and also see some of those costs be not as inflationary as first expected. The total – you can see that significant increase in the debt fund which includes the district bonded debt which comes from the tax levy – but also our long-term copier leases, one computer lease and the alternative revenue bond out of that. Total expenses when all is said and done is pretty close to where we were for the FY08 budget.

That being said, this is our forecast total sheet. Having total expenses of 34 million 313 thousand, we are still...even with increasing our fees, making sure that our food service program is self-supportive, adjusting where we can and doing what we have been able to do, we still find ourselves a little under 2 million expenses over revenue. We hope that with good management of the budget and favorable weather we will hopefully come in under that. And also, other revenues that may materialize throughout the year. Questions?

2.2 Comments from the Public

Mr. Loew – Is there anyone who wishes to make any comments?

There were none

3. **Adjournment**

3.1 Adjournment

Mr. Loew – May I have a motion to Adjourn the public hearing for the 2008/2009 budget.

Moved by Mrs. Jette and seconded by Mr. Lawrence to adjourn the public hearing at 6:40 p.m.

All in favor - Everyone

All opposed - None

Public hearing adjourned.

Special Board of Education Meeting Part II

1. Organization

1.1 Call to Order

Mr. Loew called the meeting to order at 6:41 p.m.

1.2 Pledge of Allegiance to Flag

The Pledge was recited.

1.3 Roll Call

Board Members Physically Present: Craig Loew, Randy Lawrence, Dave Ruelle, Stephen Bush, Julie Jette

Board Members Absent: Chris Jenner, Julie Lehman

Mr. Jenner entered the meeting via a phone call at 6:50 p.m.

2. Community Input

2.1 Comments from the Public - None

3. Agenda Items Requiring Discussion and Board Approval

3.1 Resolution to Adopt Fiscal Year 2009 Budget

Mr. Loew – The budget has been presented as we witnessed in public hearing. I would like to open it up for commentary from the board prior to calling for the resolution.

Mr. Ruelle - I'm not sure if you have the information with you tonight, but, if not, you can at least get back to us for what is the budget for overtime? Inaudible....The other question that I have is – you had mentioned that we're moving several items from Operations and Maintenance and the Ed. Fund into the debt fund. Could you provide us with a breakdown of how many dollars for each item got moved from what fund into the debt service fund. As it stands right now, I can see what the

difference is between the increase in the debt fund. I just want to see where it came from in the Ed. Fund and/or the Operations Maintenanceinaudible....

Mr. Drafall – Some of the itemsinaudible....

Mr. Ruelle – If you could give us a breakdown of what went into that because it is a rather substantial increase in the debt service area.

Mr. Loew – Any other board members?

Mr. Lawrence – I just have the one question - The previous 08/09 budget had budget for moving out of the Admin. Center and build out offices here, however,inaudible.....what items does that _____ increase in purchase services cover.

Mr. Drafall – There are budgeted increases particularly in the areas of electric and gas and other purchase serviceinaudible.....

Mr. Loew - Mr. Jenner is joining us at 6:50 p.m. Chris, we are right at board open discussion about item 3.1 – resolution to adopt the FY... – we haven't called the resolution. Todd has presented. We have opened and closed the public hearing. Todd has presented the budget – as you have received your copy of it and read at the moment. Mr. Ruelle and Mr. Lawrence have spoken. There are two other board members here present outside of yourself. I guess I would like to, if you don't mind, I will go to those present and then catch you on the end. Mrs. Jette?

Mrs. Jette – No questions.

Mr. Loew – O.K. Thank you, Mr. Bush?

Mr. Bush – My position hasn't changed. No questions.

Mr. Loew – O.K. Thank you. That brings us to Mr. Jenner.

Mr. Jenner – Brief comment

Mr. Loew – Thank you, Mr. Jenner. I guess my comments. My comments are more driven in the question of the Ed. Fund, Mr. Drafall. Are we able to identify programs that are driving the Ed. Fund? Expenses for programs that drive the Ed. Fund.

Mr. Drafall – Yes, With our account structure we are able to break out programs. We have an account structure that's adequate and appropriate for breaking out salary, benefits, expenses, supplies and so forth. We have six regular, seven, eight regular programs and obviously all the special programs because of theinaudible...

Mr. Loew – What drives my question is that over the course of the year we receive reports from – in both the curriculum area and also from the Special Ed. Area and in effect we have been asked to make some changes to programs, etc... and in

those there are many times - more in the Special Ed. Area rather than the curriculum area – that there have been indications of potential budgetary savings by making changes in these areas. Are those recommendations that we receive – are those incorporated into this budget in the sense of Mrs. Thomas indicating a reduction in transportation we can expect that we go back to transportation and show us where reduction in expense is. If she indicates that. I understand...I'm not talking about reimbursement....I understand reimbursement lapse but...

Mr. Drafall – Yes, well, first off, Mrs. Thomas and I sat down and reviewed....inaudible....the significant line item where we saw things to be for this year. Obviously there are some allocation of funds for the unexpected.....inaudible....the differences that we have to go back to “if this student was out” - there was a big, big savings from bringing students back into the district, reducing the transportation and increasing our reimbursement and lowering our costs because we have internal staff rather than external. We would have to take those students that we had previously and then calculate what the current rate of tuition outside of the district was andinaudible.....

Mr. Loew – So, it is my understanding from your answer, that in the Ed. Fund - or from a program standpoint – we have the information that should be able to tell us what individual programs cost so that as we go forward in managing the budget this year we will be able to identify what - if any – programs are driving cost increases or reductions to our performance.

Mr. Drafall - Correct. I should say that one of the weaknesses in prior years was because of the reimbursementinaudible....that structure has been in existence and it is just a matter of drilling it down and resetting it in a new format. That is doable. The limitations have previously been in the operations area – particularly. That is an area that Mr. Fields and I are really, really going to do some analysis on. That is an area that we will be working on with Sitesinaudible....

Mr. Loew – My last question is – on the form that you have given us of the completed state form – it goes to page 20 and then it goes to page 30. What is on 21 – 30 that we don't have a copy of?

Mr. Drafall – 21-30 is what will be coming in the next piece – and that is the deficit reduction plan whichinaudible....

Mr. Loew – My last comment is that there is a “mechanics of school budgeting” form which pretty much lays out what should be done and what shouldn't be done – especially if budgets have issues with them – and I would say that our budget does have some issues still with it. Are you prepared to get us in line with that form? The Mechanics of the School Budget that the ISBE puts out.

Mr. Drafall – As far as dealing with the deficit?

Mr. Loew – Dealing with the deficit. There are also other issues – areas there that talk about zero based budgeting, when budgets are unbalanced, etc... They talk about disclosure to the board. Have you seen that?

Mr. Drafall – I've see the document. I have not read it all the way through. As far as the deficit reduction plan, yes, the district has been in deficit for several years. Our goal is to present options for and ways on both sides of the equation to bring the 2010 budget within balance. The first part - I've started that process with the revenue piece and then the expense side the building will have to isolate in large format the balance of the expense side for the deficit reduction plan. The detail of analyzing program, determining priority, and that structure that the superintendent – that piece will start then in earnest and will come at a later date.....inaudible....

Mr. Coleman – That's our goal actually, to begin analysis of the revenue side for the next budget and the adjustments for the programs takes a little bit of time because you involve all the stake holders that may be impacted by those and that takes some time to present a plan for that.

Mr. Loew – I guess...thank you...the only suggestion that I would have is that in reading the ISBE document talking about the deficit reduction plan guidelines – the very last item is educational impact providing assessment of the impact that the deficit reduction plan may have on the educational mission of the district discussed to the extent of any educational courses and services which will be reduced, provide assurances concerning district's ability to meet the minimum requirements for state and federal law and sound practices with regard to educational services. It is indicating that was evidently added in April of 2006 which would be after, I believe, when we adopted our prior plan. But it is my understanding that that has to happen within 30 days which isn't what we just heard from you. I guess my suggestion is for Mr. Coleman and yourself to review this and make sure.

Mr. Drafall – As far as the Deficit Reduction Plan format – and I had a conversation with the State Board Staff concerning the plan structure that is attached to the budget and although it is their expectation and their requirement that the district, within a period of time, balance its budget, they are very – in the way that they term that format is that it is a tool for the district to work with to facilitate that process. There is not a lot of guideline other than that. However, thereinaudible.... balance the budget within a period of time. So, as far as the program indication – I believe that -inaudible....responded in a large level of how – what we need to see – to meet and reduce expenses to meet revenue projections that we have. We can do that on one side. For the plan it will be the prioritization and structure and working with what the staff will have to do in the next couple months to figure out we meet within that number.Inaudible....2 million dollars then there is a process that deals with.....inaudible.....professional educator will sit down with you and prioritize.....inaudible.... The State board staff is very clear it is something that if we feel we need to change at any time, we certainly can do so. It is not for them to set in stone what objects need to be adjusted to meet the final number.....inaudible....

Mr. Loew – The last item that I have is that four months ago we were in a similar situation which the board had authorized spending to a certain level to allow you to get your hands around the organization as you had just come on board. A year later we have a number of projects that have gone on and staff that has joined us in the sense of some of the business area or operations area. I guess my question is is "Do you feel that you are in a position to be able to work with this current budget that you are asking us to approve - that you presented to the public – in managing it

to a greater capacity than you were this past year?"

Mr. Drafall – Yes, this is a very tight budget. There is very little wiggle room. Through the Finance Committee Meetings in August and September we have adjusted things down. This is a very tight budget. Yes, I believe that this is a budget that the district can live within that we can meet the bottom line. Yes, we have a much better structure now, today, and better controls. Particularly one area that has always been – maybe because it is my area – is the operations area. Not having had another person to oversee, to manage, to relay expectations to staff and to control overtime throughout the district – just to control and train – not having had that last year – that has been a big help. That will help control that area. We had so many new staff members last year. There was quite a bit of transition. This year we have a better sense of where things are – in their own budgets and in their own buildings.

Mr. Loew – O.K. Thank You.

May I have a motion to adopt the FY2009 budget as presented. Mr. Ruelle moved and Mr. Lawrence seconded.

Any further discussion on this item. There was none

Roll Call

Voting Aye: Mr. Lawrence, Mr. Ruelle, Mrs. Jette, Mr. Loew,

Voting No: Mr. Bush, Mr. Jenner

Absent: Mrs. Lehman

Motion Carried

3.2 Approval of Bills

Mr. Loew – That brings us to item 3.2 – approval of Bills – Mr. Drafall.

Mr. Jenner – I'm going to end this call. What time is it?

Mr. Loew – It is 7:05 p.m.

Mr. Jenner left the meeting via phone at 7:05 p.m.

Mr. Drafall – After the last board meeting one of our vendors called and the bill that he had submitted had just literally missed the deadline. It is a local vendor and he had some concerns – obviously, things are tight right now – so we thought that since we did have a board meeting we thought we would take the opportunity to ask the board to do one more bill listing this month to give some of the....particularly looking for some of the smaller local vendors....money wheninaudible.... being that times are hard for – particularly smaller vendors – we wanted to do our part....inaudible..

Mr. Ruelle – Which vendor?

Mr. Drafall – The one vendor that had a question was McIntyre and Associates. It was the one bill that caused us to look for some of the other smaller ones. They had a few that were close to deadlines coming in October.

Mr. Lawrence – Question – what is our cash flow policy procedure and _____

Mr. Drafall – We currently have about 9 million dollars because we do have the lions share of our property taxes now in. We are in a good position to do it.

Mr. Lawrence – What is our position for optimizing funds available?

Mr. Drafall – We have investments – we do have a loan in October that we will pay back. We did issue out some investments into the end of December that gave us a good rate. We will look to see if we can do some more short term....

Mr. Lawrence – When are we legally required to pay this? What is the process?

Mr. Drafall – There is a prompt payment act in the State of Illinois that we have 30 days after date of invoice to pay for that without accruing any late charges.

Mr. Lawrence – Once the bill has been approved, what is the amount of time before it is paid?

Mr. Drafall – Once the board approves the bills the bills go out within the next day or maybe the morning after.

Mr. Lawrence – So a bill comes in on Thursday before the Friday packets go out. You are saying that on Tuesday, that bill that we would have had in-house for 5 business days – would probably be paid.

Mr. Drafall – If the bill came in – it has to go through – depending on when the bill comes – if it is something through department then I have to do some things...

Mr. Lawrence – My point is - it could be less than 30 days?

Mr. Drafall – We cut the bill listing off the day before we send out the finance packet. The best time would be 2 1/2 weeks.

Mr. Lawrence – Given our position of 1.9 million dollars to the red in the next year – is it not in our best interest to be using our cash positions to the best of our advantage no matter what our position is? Shouldn't we be treating cash....inaudible....

Mr. Drafall – Yes, as far as being more assertive in our investments, yes we need....

Mr. Lawrence – And managing our cash. Just because we have money in the bank doesn't mean that we should be putting it out quickly. We should go by what the law allows.

Mr. Ruelle - I do have a question. On the bill run – is the date listing....inaudible...how is that established?

Mr. Drafall – That is the batch date.

Mr. Ruelle - We don't have any idea what the invoice date is off the report.

Mr. Drafall – The main one was that this one could have been delayed in our process.....inaudible.....

Mr. Loew – What is the actual invoice date of this invoice? The one that drove this?

Mr. Drafall – It is actually in August. I don't have the exact date.

Mr. Lawrence – The invoice date was August? What is the procedure that is in place to ensure that we meet the prompt payment act?

Mr. Drafall – The procedures are that we process them as quickly – in the finance area - as we can. Sometimes bills get caught up in process in other areas....inaudible...

Mr. Lawrence – What is the procedure?

Mr. Drafall – The procedure is that people are to sign off on bills....inaudible....and send them to me in the finance department as soon as possible.

Mr. Lawrence – That's it – as soon as possible? How many days?inaudible....

Mr. Drafall - I don't know.

Mr. Lawrence – You don't know what your procedure is in your office.

Mr. Drafall – I don't know off of the top of my head the number of days for that procedure. I was unprepared for the questions and that is why they asked me....

Mr. Lawrence – That should be happening everyday. This is the type of procedure that you should be aware of.

Mr. Drafall – Normally this is not an issue. The vendor called and asked us if there is anything we could do.

Mr. Loew – **May I have a motion to approve the payment of the recommended bills in the amount of \$20,999.28.**

No Motion was made

Mr. Loew – That brings us to item #4 – Closed session for purpose of discussing the performance of specific personnel and the setting of a price for sale or lease of property owned by the District. May I have a motion to go into closed session.

4. Closed Session for the purpose of discussing the performance of specific personnel and the setting of a price for sale or lease of property owned by the District.

Mr. Lawrence moved and Mr. Bush seconded the motion to go into Closed Session.

Roll Call:

Voting Yea: Mr. Ruelle, Mr. Bush, Mrs. Jette, Mr. Loew, Mr. Lawrence

Absent: Mrs. Lehman and Mr. Jenner

Open Session ended at 7:15 p.m.

5. Return from Closed Session

5.1 Action may be taken for the Purpose of Deliberation Concerning Salary Schedules for One or More Classes of Employees, Pending Litigation, the Setting of a Price for Lease of Property Owned by the District, and the Appointment, Employment, Performance or Dismissal of Specific Employees.

Reentered Open Session at 8:05 p.m.

No Action was taken on closed session items

6. Adjournment

Mrs. Jette Motioned and Mr. Ruelle seconded the motion to adjourn.

All were in favor. Meeting adjourned at 8:06 p.m.

Craig Loew, Board President

Chris Jenner, Board Secretary

Debbie Bromley, Recording Secretary

Date Attested: October 20, 2008