

Special Meeting
Board of Education
March 10, 2009

The Board convened in special session at 5:00 p.m. in the Diagnostic Learning Center. The following members answered the roll call: Butler, Gorenz, Parker, Ross, Stowell and Wolfmeyer. Board member Ross arrived at 5:10 p.m. Board member Spangler was absent.

PRESENTATION BY AUDIENCE ON ACTION ITEMS – none

ACTION ITEMS – TAX ANTICIPATION WARRANTS - Moved by Butler, seconded by Parker that the Board of Education adopt a resolution authorizing the issuance of Tax Anticipation Warrants in anticipation of the collection of taxes levied for the year 2008, by the Board of Education of the City of Peoria, School District Number 150, Peoria County, Illinois, for educational purposes.

Dr. Brock Butts, Interim Controller and Dr. Norm Durflinger, Interim Treasurer, presented information on the current budget situation for the district. They reviewed the revenues received by the district this fiscal year noting that the Corporate Personal Property Replace Tax and Categorical Reimbursement from the State are down significantly. The RPPRT tax received so far this year is \$1.35 million less than last year and the District has only received one Categorical reimbursement from the State – it is not known if or when this fiscal year the last two Categorical reimbursements will be received.

Dr. Butts and Dr. Durflinger stressed that the issue is a cash flow problem, money is needed to make payroll and pay the bills. They pointed out that the budget passed by the Board last September is a good budget, but the cash is not coming to the District as expected. They are recommending that the Board issue \$14 million in Tax Anticipation Warrants. They could not say that there would be not be a need to come back to ask for more borrowing.

Dr. Butts and Dr. Durflinger projected that the cash balances for the end of the year would be: Education Fund -\$13.15 million, Operations/Maintenance \$3.88 Million, Transportation \$8.65 million for an end of the year total loss of -\$5.06 million. Today district has a very small amount of reserves and no investments on hand and so they must borrow to pay the bills.

They also presented information on other District funds; IMRF, Capital Projects, Tort/Workmen's Compensation, Capital Improvement Life Safety, Mid Central, Administrative Outreach. Those funds are projected to have a -\$3.4 million cash balance at the end of the fiscal year.

Dr. Durflinger explained how the District could borrow \$16 million in January 2009 and in March 2009 need to borrow more. He described how the District originally borrowed \$16 million to meet expenses, paid it back when the taxes were received, but only had a balanced budget the next year and needed to borrow again. Now with the lack of revenue coming to the district there is need for more funding. Superintendent Hinton stressed that the District needs to position itself to have a balanced budget and pay pack the \$16 million. Dr. Durflinger noted that the increase in the loss in the Workmen's Comp fund accounts for the increase in the deficit from -\$4 million to -\$5.5 million.

Dr. Butts stressed that the District will have to find ways to reduce expenses and increase revenues. His recommendation to the Board of Education is that they need to develop a plan of how to do this.

Questions were asked and answered regarding the tax anticipation warrants. Dr. Gorenz stressed that with the revenue shortfall there cannot be much debate that the District will have to significantly reduce expenditures. He noted that the administrative recommendation on closing primary schools for the fall of 2009 will come in April and the discussion on closing a high school in the fall of 2010 will occur in May and June. Mrs. Ross asked for specific numbers on what the closings would save – she realizes there will be a savings in teachers and administrators, but there will still be the same number of students. Mr. Hinton stated that he is prepared to answer those questions. Mrs. Ross stressed that her concern is for the success of the students – if we have to raise class size, will students be able to be successful. Mrs. Wolfmeyer stressed that the effectiveness of the teacher is what the district will need to address.

There was no further discussion.

On roll call, 6 ayes. Motion carried.

ADJOURNMENT – Dr. Gorenz adjourned the special meeting at 6:00 p.m.

Julia A. Cramer,
Board Secretary

ATTEST:

David L. Gorenz
Board President