

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

FINANCE COMMITTEE MEETING

Tuesday, October 19, 2010

A Finance Committee meeting was held on Tuesday, October 19, 2010. Co-Chair Allen called the meeting to order at 7:37 a.m. in the Board Room. Committee members present were John C. Allen, Terry Finnegan, Dr. Ralph H. Lee, Amy McCormack, Dr. Dietra D. Millard, and Sharon Patchak-Layman. Also present were Steven T. Isoye, Superintendent; Lauren M. Smith, Director of Human Resources; Cheryl L. Witham, Chief Financial Officer and Treasurer; and Gail Kalmerton, Executive Assistant/Clerk of the Board.

Visitors included Kay Foran, Community Relations and Communications Coordinator; James Paul Hunter, FSEC Chair; Doug Wiley, OPRFHS Supervisor of Finance; Jason Dennis and Francisco Arriaga, OPRFHS Faculty members, LeeAnn Meyers-Smith and James Nagel of Wight & Company; and Todd Buikema and John Weber of Horwath Crowe.

Approval of September 14, 2010 Finance Committee Minutes

It was the consensus of the Committee members to accept September 14, 2010 Finance Committee minutes with the modifications as suggested.

2010 Audit Report

The representatives from Crowe Horwath referred to the 2010 Comprehensive Annual Financial Report (CAFR). The CAFR is prepared by the District and the auditor gives its opinion. The CAFR is presented in three sections: Introductory, Financial and Statistical. The Introduction is a letter from the Superintendent to the Board of Education and contains an outline of the contents of each section.

Crowe Horwath also provided a letter to the Board of Education which outlined the auditor's responsibility under the auditing standards generally accepted in the United States, the Government Auditing Standards, and the planned scope and timing of the audit. The letter also contained the Significant Account Estimate, the process used by management and the basis for its conclusion. Crowe Horwath gives OPRFHS an unqualified, clean opinion.

The information in the Financial Section was also reviewed. The statistical section is required in order to be eligible for a Certificate of Excellence in Financial Reporting from the Association of School Business Officials. Crowe Horwath was confident that OPRFHS would earn this certification again. A report is submitted to the ISBE. Of a 1 to 4 rating, OPRFHS received a rating of 4 in all categories, which shows the financial strength of the District.

Ms. Witham and Mr. Wiley were thanked for their help in making the process of the audit go as smoothly as it did.

When asked if there were recommended guidelines as to when a school district should commence a forensic audit, Crowe Horwath responded that it would be a Board of Education decision, usually done upon the suspicion of an activity that occurred. Larger governmental agencies, however, do have a risk assessment process to develop a plan to look at those risks on a rotating basis.

Construction Update

Summer Construction

Ms. Meyers-Smith reported that the base contract work for the summer has been completed and that only minor touch-up work was still outstanding. Wight is collecting all **equipment** operations manuals and will present them to Mr. Zummallen.

Recycling

Mr. Zummallen reported that part of the contract with Wight requires that all materials that can be recycled are. He reported that 315 tons had been recycled and the list is as follows:

Wood—65 tons
Materials—143
Metal—73 tons
Cardboard—6.5 tons

Thus, a total of 97 percent of the total waste was recycled and not diverted to landfills. Wight has a major business component to be sustainable.

In addition, Wight reported that the amount of the contingency left over from the summer is \$175,000.

Pools

Ms. Meyers-Smith also reported that a letter from the Illinois Department of Public Health was received October 6 and the information had been supplied. The IDPH then indicated an inspection could occur within a two-three week period.

Finance Advisory Committee

Mr. Dennis reported that the Finance Advisory Committee (FAC) had begun the educational process of school finance, tax caps, and what the Board of Education was considering relative to a new financial model. Presentations had already been made to the following groups:

BLT	Heads of all bargaining units
IC	Science & PE Departments
Faculty Senate	

The Committee was in the process of scheduling meetings with the other academic departments as well as Citizens' Council. The feedback received has been positive and the comments include being excited about being part of the conversation.

Dr. Lee was concerned about the provision to set up a clearly defined and transparent method for determining priorities in the budgeting process because eventually the Board of Education will have to make difficult choices. He wanted a process for determining those priorities and he reminded the Board of Education that it had affirmed its financial resolution that the District would do that.

Mr. Finnegan stated that he saw the plan recommended as being advisory in nature and a way to increase ideas, participation, and share information earlier which will then filter up to the Board of Education. Ms. Witham affirmed his understanding.

Dr. Lee wanted a clear understanding of what the task force was to do and what it was not to do. Anything that is not a task for it must have a process and he wanted to know how that process would work. Who should bring up new ideas and who should take responsibility for them? Who would be the advocate? He felt the superintendent would be the person to bring forth the structure to the Board of Education. Ms. Witham responded that in the past the model has been simple. A member of DLT or a Board of Education member would come to the Superintendent with an idea, e.g., Early Childhood Education, the Special Olympics, Lacrosse, the Childcare Center, etc., and the idea was assigned to a DLT member. Dr. Lee concurred but said those were small projects, he wanted something in place for projects with serious implications in the long term for educational policies.

Mr. Isoye stated that the current model will be outlined, vetted and brought forward to the Board of Education for discussion. The model could be tested with different ideas. Ms. Patchak-Layman gave the example of the Board of Education earmarking \$100,000 in order to do new projects. The Administration's response has been that cuts will have to be made in other areas to find those dollars. If the Board of Education wanted to have a reading diagnostic test in the school, what process would be used to find those dollars in the budget? Mr. Isoye stated that DLT would discuss this.

Discussion ensued about who should be part of the Advisory Leadership Team (ALT). The model calls for the Superintendent, the Chief Financial Officer, faculty, staff and community representatives. Mr. Dennis noted that some FAC members would serve as well. The Board of Education would ultimately select and approve the members.

It was suggested that the model, the ALT, and ideas come to the November Finance meeting and the plan approved at the regular Board of Education meeting.

Mr. Isoye stated that the theory for the new structure was that those working closest to the programs and students could conceptually look at efficiencies with regard to cost containment. He did not believe the FAC would work on large cuts. Mr. Dennis stated that it was the prerogative of the Board of Education and DLT to make those decisions; decisions on larger programmatic or considerations for realignment would rest with DLT.

Mr. Isoye stated that the administration had been given approval to move forward on education. FAC wants to move forward on the rest of the concept and Dr. Lee's concern is about where to start. He reiterated that this was a working document and asked all to understand that more information would be learned as the process continues.

Aid to Needy Children Report

Ms. Witham presented the Aid to Need Children Report in the Finance packet.

Levy Timeline

Ms. Witham presented the 2010 Levy Timeline.

Supplemental Levy

Mrs. Witham explained that this levy will actually not be required this year and it could be removed from the agenda. When asked what the agenda item was about, she reported that the District issued new refunding bonds during FY 2010. A new law permits the District to accelerate the payment of the bonds, thereby increasing savings and shortening the maturity schedule. This law permits the debt service dollar amount capped in 1994 to be increased at CPI each year. The prior year CPI was 2.7% and this amount will be used for the acceleration amount. In 2010, Ms. Witham anticipated CPI to be 1.1% or 1.2%.

Treasurers' Report

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the September Treasurer's Report at its regular October Board of Education meeting.

Adjournment

The Finance Committee adjourned at 8:48 a.m.