



Finance Oversight and Review Committee Meeting

August 29, 2107

Meeting Minutes

In attendance: Carrie Hagner, Willie Mack, Mike Lofgren, Anna Richards, Dr. Michele Mangan, Bob Spatz, Rob Breymaier, Jeff Mathis, Rafia Hasan, Dr. Alicia Evans, Dr. Carol Kelley, Lou Anne Johannesson

Chairwoman Hanger called the meeting to order at 7:02p.m.

1. Public Comments: There were no public comments.

2. Standing Items - Approval of minutes – *June & July’s meeting minutes were approved.*

3. Bonding Agency Interviews-Evans stated that Johannesson will send a Doodle to see who is available to assist her with interviews for a new underwriting firm.

4. Audit Updates- Evans reported that the cost given so far from the new auditing firm, Baker Tilley, is \$11,000 for fixing the post-closing entries and entry adjustments for three years. They are still discovering errors. There was a \$650,000 accrual booked twice in 2015-16. Therefore the revenues were overstated. Evans has two routes she can follow to correct the matter. She can pull it forward to the current year, or do a restatement for the end balance of 2015-16. *FORC recommended the restatement on 2015-16 ending balance.*

5. Preliminary Budget - Evans reported that there are still some changes to be made before her final budget is submitted to the board. She will still be within the timeline. Changes that she is anticipating deal with special education due to federal funding. She would like FORC to help her design a “Budget at a Glance” to post on the website when the budget is finalized. She stated that the new Community Engagement Committee shared that the community at large was confused by the budget. People just don’t just don’t understand the state budget form. Evans stated that the Budget at a Glance should include a CPI history, a levy history, and an explanation of general state aide, and federal grants as it related to the overall budget. Hagner asked if there was a change in federal funding for all districts in Illinois under the new administration in Washington. Evans replied, yes, and she will write a narrative to accompany the document. Evans also stated if FORC thought she should include:

- The new demographic study
- Per pupil spending
- Comparisons to other districts
- Points of pride within the budget
- Educational initiatives that are guiding the current budget

Hagner suggested that within a table of contents each item would have a link to a narrative. Lofgren asked who exactly the audience for this document is. Evans restated that the Community Engagement Committee felt that some members of the community do not understand the Illinois budget form. This page on the website will serve as a way to simplify the District's budget for the larger community. Spatz stated that this goes to the transparency policy that the group will discuss later in the meeting; he agreed that the target audience is the broader community and asked FORC what level of detail they thought would be appropriate for this webpage. Breymaier stated that he felt the website should not be too technically difficult. Mathis stated that he was in support of having information on points of pride and Equity and Excellence; he added that the new demographic information should be presented in the form a graph and not just data. Mangan stated that she felt very good about this webpage; it looks like progress in the right direction in her opinion. She added that she felt that year-to-year comparison of District budgets would be appropriate for the webpage. Hangar stated that the comparison district information that was supplied a few years back by Forecast5 should be included. Lofgren suggested a second page that provided peer district metrics and that that might be a starting point for the adequacy component that Mangan has asked for. Evans replied that at this point because of the abatement that is projected it might be misleading at this time to publish year-to-year comparison budgets. She stated that that might be something that once the last two years are reconciled this might be appropriate.

6. Forecast5 Projections – Evans began her presentation of the Forecast5 assumption by explaining the format of the document to new members of FORC. Lofgren stated that the low fund balances going out 5 years is not what he expected to see. Evans stated that revenue had been recalculated based on a possible new EAV and new debt service levy. Spatz reminded everyone that the one big number that can always change assumptions is the CPI. He stated that is greatly impacts revenue as well as contractual expenses. Hagner asked if the CPI came from the Department of Agriculture's data. Spatz stated that the District follows the Federal Reserve Targeting Average. Evans asked if FORC agreed that 2% would be a good projection moving forward. Spatz stated that at this point in terms of general state aide, we can pretty much 'throw out' the assumptions. There are no real numbers as of yet to use as a projection based on the brand new law Springfield just passed on the school funding formula. Lofgren stated that he was very worried and that the numbers only look good for this coming year; he stated that if this plays out, how long until the District would have to go back to the community. He stated that these assumptions are right at the thresholds of deficit spending; he stated that assumptions going out 5 years are either lucky or wrong. He also stated that if something hits us that we have not projected, the District will be in trouble; he sees no buffer in the 5 year assumptions. Evans agreed. Spatz reported that the District used to do separate assumptions for expenditures and revenues. He also stated that the referendum was sized small; the referendum was sized at 25% over 5 years and not larger. Mangan asked what the operating expense per pupil is over the 5-year assumption. Spatz stated that this is not part of, nor has ever been part of the Forecast5 assumptions. Mangan replied that then the assumptions are not helpful for the data she is looking for us. Breymaier asked why tax revenue was lower in 2018. Spatz stated that the District would receive more this year in tax levies and less next year. He stated that this is simply the way the County distributes the levies. *The committee unanimously voted that the Forecast5 assumptions are troubling and that the September FORC meeting should focus solely on their analysis of what the numbers mean for the District moving forward.* (At this point in the meeting both Evans and Kelly left).

7. Committee Progress

- a. Fraud Policy** – Richards presented a draft she created of a Fraud Policy for the District. She stated that she geared the language to schools and non-for profits. The committee voted to send her draft to the policy committee for review. Once reviewed and revised the Policy Committee will send the draft to the Board for consideration.
- b. Capitalization Policy** – Richards will confer with Evans within the next week to get information on government accounting of capitalization of fixed assets. Richards stated that government

accounting than what she normally works on. She will have a draft by the September meeting and the committee agreed to vote on the draft as second agenda item in September.

- c. **Bond Policy** – Lofgren presented a draft of a new FORC charge based on bullet points the committee agreed upon in its February meeting. The committee suggested a few minor changes to which Lofgren agreed to make later in the evening. Upon receipt of the changes, Johannesson will forward the draft to Chris Jasculca, Senior Director of Communications. *The committee voted to send the charge after minor edits are made.* The committee also decided to ask Evans to present to them by the October meeting a calendar based on her financial deadlines for the fiscal year. Mangan asked when FORC would be addressing the Board at one of their regular meetings. Spatz stated that FORC normally makes one annual report to the Board. Johannesson will forward previous Board reports to FORC.
- d. **Transparency Policy** – Mack, Mangan, and Mathis met the previous evening to draft a Transparency Policy. Mathis stated that the primary messaging the District should provide should be a summary of finances and how they align with the goals of District 97. They feel the policy should also include elements of how to communicate the issues the community is most concerned with. Spatz stated that the Board is hoping that the Transparency Policy draft will include historical trends and spending fund efficiencies. Spatz and Breymaier recommended several edits. The group will rework the policy and it will be voted on in September. Mangan stated that District 97 could be leaders in fiscal policy and transparency.

8. Adjournment-The meeting adjourned at 9:05pm.

The meeting was adjourned at 8:58pm

Next Meeting: June 15, 2017