

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

FINANCE COMMITTEE MEETING

Tuesday, April 21, 2009

A Finance Committee meeting was held on Tuesday, April 21, 2009. Chair Rigas called the meeting to order at 7:33 a.m. in the Board Room. Committee members present were John C. Allen, IV, Jacques A. Conway, Valerie J. Fisher, Dr. Ralph H. Lee, Dr. Dietra D. Millard, Sharon Patchak-Layman (departed at 9:52 a.m.), and John P. Rigas. Also present were Dr. Attila J. Weninger, Superintendent; Jason Edgecombe, Assistant Superintendent for Human Resources; Cheryl L. Witham, Chief Financial Officer; Jack Lanenga, Assistant Superintendent for Operations; and Gail Kalmerton, Executive Assistant/Clerk of the Board.

Visitors included Kay Foran, Communications and Community Relations Coordinator; Doug Wiley, OPRFHS Supervisor of Finance; Tim Keeley, OPRFHS Purchasing Coordinator; Robert Zummallen, Director of Buildings and Grounds; James Paul Hunter, OPRFHS Faculty Senate Executive Committee Chair; John Stelzer, Athletic Director; Micheline Piekarski, Food Service Director, Terry Finnegan and Amy McCormack, Board of Education-elect members, Eric Gershenson and Chris Meier of the Collaboration of Early Childhood Care and Education, Tim Cole, Anna Wiszowatz, and Brian Imhoff of Virchow Krause; Andy Mace, of Miller Cooper; and John Weber of Crowe Horwath.

Acceptance of Minutes of March 19, 2009 Finance Committee Meeting

It was the consensus of the Finance Committee members to accept the minutes of the March meeting, as presented.

Audit Service Request for Proposals

It was the consensus of the Finance Committee members to instruct the administration to present a recommendation on the audit firm to be hired to the Board of Education at its regular Thursday, April 30, meeting. Per a request, all Board of Education members would be provided with the bid specifications prior to the April 30 meeting.

Four audit firms had presented proposals and three were invited to present at this meeting. They were Crowe-Horwath (CH), Virchow Krause (VK), and Miller, Cooper & Co. Each provided a written report that was included in the packet and an oral presentation highlighting that information. The individuals from each of the firms talked about their individual and collective experiences in working with educational systems, the public sector services (state and local governments), who would actually be working with the high school, the racial diversity within each firm, their commitment to the school district, customer service, and any unique services that their firms could provide.

Crowe Horwath

John Weber, an executive with Crowe Horwath, stated that this firm started in 1942 and has grown to 2500 employees nationwide. It is one of the 10 largest accounting firms in the United States and on the top 100 list of the best and brightest companies for which to work. Turnover rate is between 14 and 16 percent, low for this industry. CH tries to make employees careers meaningful for them. Relative to customer service, it obtains feedback from its client via random client surveys, by either an 800-telephone number or an online survey. CH believes in Board of Education interaction and keeping it up-to-date.

Crowe Horwath has developed a request tracker, which is a web-based tool whereby all information requested from the clients is done through the web. The benefits include elimination of paper, everything being in one place, and accountability.

Dr. Lee questioned the turnover rate as being alarming. Mr. Rigas replied that in the accounting world one starts as an auditor and then becomes a partner. If one does not get to the partner level, he/she moves to another company. Recently, there is less of that, but traditionally, the turnover rate is approximately 25 percent. When Mr. Rigas left Price Waterhouse, no one with whom he started was still with the firm.

Miller Cooper

Next Andy Mace, principal of Miller Cooper, presented. He stated that it is a full service accounting firm with approximately 200 employees in Deerfield and in Chicago. He and another partner deal exclusively with governmental entities; Mr. Mace deals only with school districts.

Mr. Mace spoke about his experience as a member of various CPA committees including being chairs in the AICPA Society and serving on the ISBE's advisory committee. He frequently provides seminars related to school districts, including those of which boards of education would have an interest.

Betsy Allen, Audit Manager, spoke about the audit process, including scheduling meeting/planning times and the expectations, e.g., scheduling fieldwork, determining the scope of the engagement, etc. She stressed the importance of the high school meeting all of its deadlines.

Virchow Krause

Mr. Cole, engagement partner of Virchow Krause (VK), introduced the people who would be working on this engagement besides himself. They were Joe Lightcap, Engagement Manager, Anna Wiszowaty and Brian Imhoff, Senior Accountants, and Kimberly Nommensen, Staff Accountant (not in attendance).

Mr. Cole stated that VK is a regional firm with the size and capacity to meet OPRFHS' needs. VK's 200 plus employees work exclusively with public sector entities and brings an element of a critical mass of ideas. Five other managers also work exclusively with

school districts. A second look by another partner helps with the quality of the project. VK feels it can bring much expertise to the experience. VK was once named Gurrie.

The Committee members were informed that Mr. Keeley, Mr. Wiley, and Ms. Witham had reviewed the bid specifications. It was noted that all of the firms were using the web-based databases, as described by Crowe Horwath.

Ms. Witham noted that Virchow Krause was the management team that uncovered District 97's fraud whereby a school district employee was in collusion with a vendor. That is something difficult to discover, as valid invoices were presented for the work completed.

Below are the responses to questions asked of each firm.

Question	Crowe Horwath	Miller Cooper	Virchow Krause
Does the firm provide training/seminars to boards of education?	Yes, relative to financial statements and the board's responsibility in approving them. It also hosts webinars and issues a governmental advantage newsletter.	Yes, as topics warrant as well as presentations at the Joint Conference through IASBO.	Yes, as topics warrant and it hosts a school board academy usually in June.
How many clients will the firm's team be servicing at the same time it is servicing OPRFHS?	Partner - 6 (available to OPRFHS 1 or 2 days per week). Manager - 3 Senior Accountant - only OPRFHS.	Partner - 5 or 6 Audit manager - 3 or 4 Staff Accountant - only OPRFHS.	Partner - 3 or 4 Engagement Manager - 2 or 3 Senior Accountants - only OPRFHS.
Has the firm ever been called to help districts with financial problems? Have districts with which the firm has worked gotten into financial difficulty?	Yes, one district was in trouble because the State of Illinois was behind in its payments and the payments had been reduced and one district called for financial advice, as its projections for a referendum were unrealistic.	Yes, relative to budgets, tax levies, etc.	Yes, 1) failure of accounting departments, as many districts now have financial difficulty and 2) to unravel illegal activities. Off-the-books fraud, e.g., colluding with a vendor, is difficult to detect.
What is the importance of working with OPRFHS to this firm?	CH does not break contracts. If a change in law requires additional work, discussion will occur with the school. However, those are generally unusual circumstances.	Stand by the contract. Should there be any new standards, the firm would be upfront about them.	Mr. Cole had not broken a contract since beginning work in 1981, no matter what the circumstance. If there were a change in scope, discussion would occur with the entity.
What is the firm's minority representation?	The increase of diversity within the firm is a main goal. Female and minority partners and managers make up 15% to 20% of the firm. Within the firm are the following people resource networks: Women's Network, African-American, Hispanic, and alternative life styles in order to foster cooperation, mentoring, and growth within the community.	20% of partners and 50% of staff are women, and other minorities are about 15%. We do recruit actively minority staff. Minorities are actively recruited.	While diversity is dismal in the industry and in the firm, the Oak Brook office has 20 percent minorities and females.

Mr. Rigas stated that a larger firm like Crowe Horwath brings a wider spectrum and getting a larger view is beneficial. A smaller firm can save money. All of these people are qualified.

Ms. Fisher asked that the past relationships of these firms to OPRFHS be included in the presentation to the Board of Education at its April 30, 2009. Ms. Witham noted that the firm of McGladry and Pullen was not invited to present because its cost was higher, its focus is not school districts, and it does not have the depth of experience. Mr. Rigas added that it was a bigger accounting firm and the larger the firm, the more overhead it has.

Dr. Millard saw no advantage to listening to a board proposal, even based on the preliminary information provided in the scoring. Dr. Lee was very glad to have had the experience of listening to the presentations and of going through the process of being asked to make a decision on which firm OPRFHS should use. He learned that he would prefer a presentation be made to a subcommittee of the Board of Education and to receive recommendations from people more experienced in this than he is. He did not believe this was a good use of the entire Board of Education's time nor did he believe the Board should listen to presentations on any of professional services, e.g., construction, legal, audit, etc. Mr. Allen stated that the Board of Education deals with three sets of contractors: lawyers, auditors, and unions. In this case, OPRFHS did an RPF audit and it is important for the Board of Education to understand the process. As the decision to hire an auditing firm is made, it is not just enough to take good recommendations from the finance office; it is important to understand what services are being provided for \$100,000.

Building Automation System Proposal

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the Automated Logic Proposal at its Special Board of Education meeting on April 21, 2009, as presented.

Automated Logic will provide all the controls and software updates for the four HVAC units that were bid through Wight & Company concerning the renovations for the 2009-10 budget year as well as the controls and software updates for the Science rooms (129-137). By contracting with Automated Logic directly, the District will save the contractor's overhead cost, as well as some of the architectural fees. Mr. Zummallen added that no other company in Chicago does this type of work.

Discussion ensued about the ability to control this system over the Internet as Dr. Lee was concerned about whether this would be a safety or security issue. Mr. Lanenga stated that it would only be assessable by Mr. Zummallen and the head engineer. It was a complicated program. While Mr. Rigas understood the fear about being able to access this remotely, he did not feel it a threat. He added that when there is a mechanical or security malfunction at his firm, a message is sent automatically to his IT people.

Construction Update

It was the consensus of the Finance Committee to recommend to the Board of Education that it approve the Standard Form of Agreement Between Owner and Design-Builder with Wight Construction Company at the April 21 Special Board of Education meeting, as presented.

Ms. Witham informed the Committee that Wight would go out for bids for the work, but no discussion has occurred about doing an RFP for the services Wight performs. Ms. Witham noted that the practice was for Wight to bid work that was under \$20,000, with some as little as \$4,000.

Ms. Patchak-Layman wanted to discuss construction management. How is minority representation represented in the work to be subcontracted and how can students be provided opportunities with these firms? Ms. Witham noted that diversity is part of the bid process and part of Prevailing Wage, which is state law. She continued that OPRFHS has not changed its relationship with Wight. In the future, further expectations can be included. However, this is for summer work only. OPRFHS has strengthened its relationship with Wight and Wight has reduced its fees.

Discussion ensued about who would pay for mistakes. Would it be Wight or would it be the high school? Ms. Witham noted that it would depend upon whether the mistake was made by both in the assumption of the work to be performed and if it would increase the scope. Mr. Zummallen stated that standard law says that if the client thought there was a problem, it would inform the contractor who would then have someone else test it. If the mistake were found to be the high school's mistake, then the high school would have to pay for it. Ms. Patchak-Layman asked the difference between the project manager and the construction manager. Ms. Witham responded that both were the on-site workers. Mr. Lanenga noted that much of the work is done at the Wight headquarters in terms of the planning, etc. with an accounting of those fees is given to the high school relative to the specific work and the number of works.

Q: Could professional fees go down?

A: Possibility, but with this project the professional fees will exceed \$25,000; yet Wight will hold to that figure.

Q: Is the total cost of these two projects between construction and automation system within the budgeted amount approved at the last meeting?

A: Yes. While the figure is under that approved, it does include a contingency fund for unforeseen circumstances.

Food Service Lunch Prices 2009-2010

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the price increase for District 97 and 200 for lunches for the 2009-10 school year at its regular April Board of Education meeting.

No price increases were recommended for breakfast. The lunch prices will increase as follows:

	<u>2008-09</u>	<u>2009-10</u>
OPRFHS	\$2.30	\$2.35
District 97	\$1.55	\$1.60
District 97 Junior High	\$1.70	\$1.78

Ms. Witham stated that the Food Service Program continues to run at breakeven in order to mitigate the cost to families and allow for equipment replacement. District 97 is billed monthly for the meals that OPRFHS provides.

Milk Products Rollover Bid

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the Rollover Bid for Milk Products to the suppliers, as presented, at its regular April Board of Education meeting.

Ms. Piekarski explained that OPRFHS is the administrative district for Northern Illinois Independent Purchasing Cooperative. In response to a question, Ms. Piekarski stated that a new district could be added to this bid. She continued that the Cooperative pays for all the administrative costs, e.g., mailings, etc.

RFP for Distributor of Food Products and Misc. Non-Food Supplies

It was the consensus of the Finance Committee members to recommend to the Board of Education that it award the food products and miscellaneous non-food supplies to Fox River Foods at the regular April Board of Education meeting.

RFP for Bread

It was the consensus of the Finance Committee members to recommend to the Board of Education that it award the Bread Products Contract to Alpha Baking Company at its regular April Board of Education meeting.

Ms. Piekarski noted that most of the breads were whole grain.

Field Trip/Charter Bus Contract Renewal

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the two-year extension agreement with R&D Bus Company at its regular April Board of Education meeting.

Athletic Uniforms – Spring

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the following at its regular April Board of Education meeting.

- Girls’ Soccer warm-ups and Girls Basketball uniforms to Boathouse Sports.
- Girls Badminton warm-up jackets, Boys’ Volleyball uniform jerseys and Boys’ Tennis Warm-ups to Salkeld Sports
- Baseball uniforms to Salkeld Sports.

OPRFHS owns these uniforms and allows the students to use them. They are paid for out of the Education Fund. OPRFHS assigns the uniforms to the students, issues them a receipt, and tracks when they are returned. Uniforms last between 8 to 12 years. OPRFHS purchases the uniforms rather than having students do so because it would be difficult for them to purchase the right or similar uniforms in a timely fashion. Currently there are twenty-nine sports teams. In addition, some uniforms are very expensive and it would be a hardship for students to purchase them. Football jerseys would cost students \$80 to \$85. Dr. Millard acknowledged this could prohibit some students from participating.

Elevator Upgrade Bid

It was the consensus of the Finance Committee members to recommend to the Board of Education that it award the elevator upgrade contract to Anderson Elevator at its regular April Board of Education meeting.

Public Act 920873, Elevator Safety, requires that school districts upgrade their elevators over the next three years. Each elevator is required to have 19 points to meet its standard. OPRFHS's elevators have 18 points because it does not have hydraulic elevators. Some of the work to bring the elevators up to code can be accomplished with in-house personnel.

Staffing and Stipends 2009-2010 Budget

Mr. Edgecombe explained that this report was an effort to provide the Board of Education with periodic reports regarding Full Time Equivalent staffing information for all employee groups. While faculty staff is nearly complete, selected sections in English History and Science are being monitored through April 24 before the numbers are finalized. Final determination, however, will be made in August when the District has an idea as to how many transfer students will enroll. Discussions are ongoing regarding the feasibility of reductions in the non-certified employee groups. Hopefully, the reductions in non-certified areas would occur through attrition. Mr. Edgecombe provided a chart on the FTE staffing information for the most recent four-year period with projections for 2010. Next year, the District is projecting that faculty FTE will increase by 1.4.

Dr. Millard asked if this allowed the District to maintain current class size or is it likely class size will increase because of this prediction. Mr. Edgecombe responded yes and yes. While the District is maintaining class size with this FTE, this may exceed what is most desirable.

Funding TAPP Students

The administration provided information as to the status of the Childcare Center for next year relative to the TAPP students. Presently, eight students have infants in the program. Five of these students and their infants will be leaving the program at the end of the current school year with three students having indicated their intention to re-enroll for the 2010 fiscal year. In addition, three additional students have registered for next year. There is also the possibility that one middle school student may enroll her infant in the program.

The Department of Children and Family Services (DCFS) cap the infant enrollment at the Childcare Center at 20. With six TAPP students and thirteen infants of employees, one spot remains. On April 27, the RFCC will open registration to the public for available spots. Should the remaining spot be filled with an outside infant, the District will not be able to accommodate any additional students. Employees have not been told they could be asked to leave the program, as to do so would not instill confidence and parents would not enroll their children.

Dr. Millard preferred students not drop out of school and noted that the school has tried to find services for the student if no family members were available. Ms. Witham stated that spots were held open last year and were not filled. It is important to help students make decisions as soon as possible so that a spot can be saved for them. Even with knowing that three students could be coming next year, two are still diligently trying to complete the paperwork. However, the Community Center is reasonably comfortable that the paperwork will be prepared and they will enter in the fall. Mr. Edgecombe noted that the number of TAPP students was not as large this year and next year it is just slightly less. He hoped that it was now a downward cycle.

Ms. Witham noted that the design of the Childcare Center has improved, as most families will continue to move their children through the programs, i.e., from infants to toddlers and to preschoolers. Ms. Witham also noted that if there were more than 16 infants in the program, an additional staff person would need to be hired for necessary coverage.

Triton Evening Education Contract

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the contract with Triton Evening School at its regular April Board of Education meeting. This includes a 3 percent increase for custodial services. The high school has only raised its fees for salary and benefits, or lab fees, typically by 3 percent to accommodate for cost of living.

Dr. Weninger noted that OPRFHS belongs to the Des Plaines Valley Region. He hoped that in the future that Triton could act more like the College of Dupage, which has many satellites that offer academic courses. He learned that some Triton teachers do not want to travel to OPRFHS. Next year Triton is offering six music classes at its main campus and these courses were certainly classes that could be offered at OPRFHS.

Ombudsman Contract for 2009-2010

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the contract, which would reserve eight spaces for next year with Ombudsman for the 2009-2010 school year. This is a long-standing relationship and the agreement is as it was before.

Dr. Weninger will explore if counselors were still recommending two pilot students each for Ombudsman for Ms. Fisher.

Illinois Legislature Developments

This item was table until next month.

Dr. Lee registered a plea to discuss the issue of budgeting Board of Education members' time so that other committees could give adequate discussion to their agendas. He felt a higher priority was attached to financial matters because it was scheduled first on this day. He would like to consider something different.

Monthly Financial Report

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approves the January 2009 Financial Reports at its regular April Board of Education meeting under the Consent Agenda.

Treasurer's Report

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the February 2009 Treasurer's Reports at its regular April Board of Education meeting under the Consent Agenda.

Adjournment

The Finance Committee adjourned at 9:53 a.m.