

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

FINANCE COMMITTEE MEETING

Tuesday, May 8, 2007

A Finance Committee meeting was held on Tuesday, May 8, 2007. Acting Chair Greenwald called the meeting to order at 9:33 a.m. in the Board Room. Committee members present were: Jacques A. Conway, Barbara P. Fernandez, Valerie J. Fisher, Dr. Barry S. Greenwald, Dr. Dietra D. Millard (departed at 9:45 a.m.), and Yasmin A. Ranney. Also present were: Dr. Susan J. Bridge, Superintendent/Principal; Cheryl L. Witham, Chief Financial Officer; Jack Lanenga, Assistant Superintendent for Operations; Philip M. Prale, Assistant Superintendent for Curriculum and Instruction; and Gail Kalmerton, Executive Assistant/Clerk of the Board.

Visitors included: Kay Foran, Director of Community Relations and Communications; James Paul Hunter, F.S.E.C. Chair; Micheline Piekarski, Director of Food Service; and Sharon Patchak-Layman, Board of Education member-elect.

Acceptance of the February Finance Committee Minutes

The Finance Committee members reviewed and accepted the minutes of the April 17, 2007, Finance Committee, as presented.

Construction Update

Mall Construction

Mr. Lanenga reported that the Village had donated the planters now located on the Scoville side of the school. The Village may also donate additional planters for the mall. The Village has sixteen of the twenty lights needed for the mall and is willing to donate them to the school. Four more are needed and the Village continues to look for them. CYLA continues to protest their use.

Food Service Bids

It was the consensus of the Finance Committee members to recommend that the Board of Education approve the recommendations made by the Northern Illinois Independent Purchasing Cooperative to the following companies at its regular Board of Education meeting May 15, 2007:

Breakfast Box Bid to Kellogg's
Bread Bid to Alpha Baker
Combi Oven Bid to Fox River Foods
Dairy Products Bid to Becker's Lockwood and Marigold

Skyward Update

No Skyward update was given.

Food Service Intergovernmental Agreement Between District 200 & District 97 Schools

Ms. Witham provided background information on the Food Service Intergovernmental Agreement between Districts 97 and 200.

O.P.R.F.H.S. provided food services to two of District 97's school building sites during the current fiscal year. The program provided warm, nutritional meals for students, which both satisfied parental concerns and met state guidelines. District 97 has now requested that District 200 expand this service to all of its building sites for the 2008 school year. This would double the number of meals currently provided. This would necessitate O.P.R.F.H.S. purchasing a larger oven, which would provide the needed capacity as well as eliminate fried foods from the menu of both districts, enhancing the nutritional value of meals for both districts. The costs are estimated to be \$113,000. The two districts have agreed to increase the regular meal prices by \$.11 per meal to cover the cost of the new equipment. It is estimated that the additional costs will be recouped after three and one-half years. The price of the meals is based on estimated costs including all required staffing, equipment, food and supplies. An additional amount is added for equipment repair, maintenance and replacement. District 97 will also share all commodities with District 200 in order to help support the program.

By expanding this meal service, District 200 may be able to 1) offer more attractive jobs to employees, 2) increase the nutritional value by the use of the new oven to eliminate fried foods from the menu, 3) provide the lowest possible meal cost for students within the two communities, and 4) further cooperation between the two districts. This IGA is not structured to raise revenue for District 200 through food services; all savings would be passed to families in the meal prices.

Ms. Witham thanked Ms. Piekarski for working the extra hours necessary to put this program in place, without extra compensation. Ms. Piekarski will assume this additional responsibility and she has not requested a raise.

Ms. Witham informed the Committee that District 97's P.T.O. raises approximately \$20,000 selling meals. If they do not buy these meals from District 200, it will change the cost structure. The prices were set based on full access to all of the students. While District 97's P.T.O. has said verbally that it would buy the pizzas or sub sandwiches from District 200, the contract does not specifically state that fact.

Ms. Witham reported that she had received a revised version of the contract late the previous evening and it still had to go through an attorney review. She would keep the Committee posted on further developments.

PTAB Resolution

It was the consensus of the Finance Committee members to recommend that the Board of Education approve the Renewal of the PTAB resolution at its regular Board of Education meeting, May 15, 2007. This resolution will give District 200, in conjunction with its law firm Franczek, Sullivan, authority to file a Request to Intervene in Appeal Proceedings for the re-assessment of property within our District. PTAB requests have a negative effect on our property tax collection in subsequent years and the revenue cannot be recaptured. District 200 must intervene within 30 days of receipt of notice and often this is too short a time to bring to the Board of Education.

Prevailing Wage Resolution

It was the consensus of the Finance Committee members to recommend that the Board of Education approve the Prevailing Wage Resolution at its regular Board of Education meeting, May 15, 2007. It is a requirement of the Illinois Department of Labor that local governmental bodies annually adopt a resolution for prevailing wages to be paid to workers in certain job classifications. This information will be filed with the Illinois Department of Labor and the Illinois Secretary of State after which a legal notice is placed in a local newspaper. This is in compliance with the 1931 Davis Bacon Act, which stipulates that outside contractors must pay the prevailing wages for certain classifications, and the school must require this as part of the bid specifications.

Resolution to Transfer Funds to the Operations and Maintenance Fund

It was the consensus of the Finance Committee members to recommend that the Board of Education approve the Fund Transfer Bond and Interest Fund to the Operations and Maintenance Fund. Resolution at its regular Board of Education meeting, May 15, 2007. The District does this procedure annually.

Treasurer's Update & Treasurer and Depository Resolution

Ms. Witham provided the Finance Committee members with an update on the Township Treasurer's Office.

Since the last report, the Trustees had not provided any further update concerning the reconciliation process of the Treasurer's pooled bank accounts for FY 2007. The reconciliation process for FY 2007 between the Treasurer's office and District 200 is complete through February 2007. A reconciliation of the Treasurer's pooled accounts has not yet begun for FY 2007. Interest income for the months August through April has not been distributed and there was no indication as to when it would be distributed.

Underwriters at Lloyds of London bonded Martin O'Connor, the former Township Treasurer. The bond refers to the "faithful discharge of duties of his office as provided by law and delivery to his successor in office, after such successor shall have qualified, all monies, books, papers, securities and property, which shall become into his or

control.” The member districts may have a claim that Mr. O’Connor did not faithfully discharge his duties under the law. The bond company will not provide forensic accounting services. However, if fraud were determined to have occurred, the General Liability Insurance may provide some coverage. The District’s legal counsel is reviewing the bond documents and he will further advise the potential options soon. Each member district has expressed a desire to pursue collection from one or both sources.

It was the consensus of the Finance Committee members to recommend that the Board of Education approve a resolution designating the Treasurer and Depositories that will be effective after June 30, 2007, at its regular Board of Education meeting, May 15, 2007.

Ms. Witham also provided the Finance Committee members with a copy of the proposed Intergovernmental Agreement. The committee of school districts met April 24, May 1 and was scheduled to meet again that day. There has been difficulty in reaching consensus while waiting for accurate data concerning investments. The major issues yet to be resolved concerned:

1. Voting rights
2. Valuation and distribution of securities
3. Possible liquidation of remaining securities
4. Trustee of securities until maturity.
5. Hold back dollar amounts for continued operations
6. Hold back dollar amounts for outstanding checks and potential unknown issues.
7. IMRF Settlement
8. Clear cut-off date and banking structure
9. Control of distributive accounts
10. Financial distribution of remaining losses/or cash balances.
11. Timing of final audit.

Ms Witham indicated that the Districts were split on the items listed above as to how to handle them.

Ms. Witham noted that the staff members of PMA were very helpful in establishing the District 200’s new banking and investment structure. They have also assisted District 200 in obtaining information concerning current Cicero Treasurer investment holdings. She is working with PMA to estimate the District’s cash flow needs for FY 2008 in order to develop an investment plan. The new bank accounts are in place and ready to be implemented on July 1, 2007. All ACH and wire information has been updated. The new investment policy is on track to be approved at the May Board of Education meeting.

Ms. Ranney publicly thanked Ms. Witham for attending all of the Township Treasurer’s meetings with her. It was gratifying for Ms. Ranney to know that all of the work was worthwhile. Ms. Witham responded that without the support of Ms. Ranney and Dr.

Bridge, the District would not be in the position it is today and that the work actually started with Peggy Wilson, former District 97 business manager.

Ms. Witham continues to meet with the committee. District 97 representation has been absent from some of the meetings because of other Board of Education priorities. Ms. Ranney objected. She felt that District 97 should be at the table. The chief financial officer of O.P.R.F.H.S. should not be acting for District 97. When asked if District 97 was participating or following through on the bond issue, Ms. Witham responded that she was acting for everyone on that issue and had asked the lawyer to work on that issue. Ms. Fisher assumed that District 97 felt it was better served not to have its own business manager present at these meetings. Ms. Ranney stated that District 97 had not worried about its finances much before District 200 brought these issues to the fore.

Ms. Witham reported that the Township Treasurer's Office is due to be abolished June 30. O.P.R.F.H.S. had wanted to withdraw earlier, but the District 97 business manager had asked Ms. Witham to continue along with him. As such, there have been huge financial ramifications. O.P.R.F.H.S. has received no interest paid to it and there are potential liabilities. She is working to remedy this.

Ms. Ranney's directive was to stay on top of this until the very end and she hoped for the Board of Education's continued support. The O.P.R.F.H.S. Board of Education is vested with the money of these communities and she stressed that it was necessary to ask the appropriate questions at board meetings. She noted that the Township Treasurer's Office holds a long-term lease on its office space and she asked what the insurance ramifications of that were. It was strongly reiterated that District 200 objects to Ms. Witham functioning for District 97. Ms. Fisher asked why District 97 would not want to be involved, as it is District 97's fiduciary responsibility. Ms. Ranney noted that three years ago, there was no participation from District 97. District 200 had to make all the requests and the calls. Ms. Witham is being blamed directly for discovering the Township's problems. Her name is being sullied in the community. This is a very serious matter. Dr. Bridge will inform Dr. Connie Collins, District 97 superintendent, of these issues.

Ms. Fisher expressed her gratitude to Ms. Ranney for going to the Township Treasurer's meeting and sitting with Ms. Witham and Dr. Bridge. Ms. Ranney reiterated that she wanted every energy that the District 200 Board of Education "could mustard" to continue its support of Ms. Witham and empower her and to give her the appropriate advice until District 200 withdraws from the Township Treasurer's Office. She cautioned the Committee members that the situation was not as simple as arriving at a particular date and being disassociated with this entity. Dr. Bridge reinforced that on July 1, 2007, many changes would occur and Ms. Witham would need the Board of Education's support. Ms. Witham noted that she would appreciate that support.

Ms. Witham also stated that currently there is a fund shortage and a debate about whether \$400,000 or \$600,000 is missing. There are mounting legal and accounting fees in excess of several hundred thousand dollars. She felt that the assets of June 30, 2006 have been identified and the reconciliation with District 200 has completed through March 31,

2007. She was waiting for the Township Treasurer's Office to certify this work. District 200 is the only school district that has reconciled balances in FY 2007.

The former Township Treasurer, Jerry Sebesta has been recommended as the future treasurer by the oversight committee. O.P.R.F.H.S. has \$56 million of long-term investments with the Township Treasurer's Office. Presently the market value is below cost. Mr. Sebesta purchased some underperforming investments when he was Treasurer. Ms. Witham will work with PMA on how to invest the funds.

Ms. Fisher asked for further explanation on the non-payment of interest to the districts. Ms. Witham stated that the delay is because the Treasurer is waiting for the Virchow Krause to finish. She is encouraging disbursement because it means over \$1 million to District 200. Without that disbursement, O.P.R.F.H.S. will not have the interest on the financial statements and it will go into the proposed reserve account that the committee will control. Ms. Witham had objected to the rehiring of Mr. Sebesta and stated that fact to the Trustees. The committee, however, would like Mr. Sebesta to continue working even beyond the committee's work. Ms. Fisher asked if there was any reason to talk with Mr. Sullivan about that issue. Ms. Witham stated that she has spoken to him regularly and that she continues to make the recommendations to the Trustees every time they convene a meeting.

Financial Statements

Ms. Witham provided the month financials. There was no discussion.

Adjournment

The Finance Committee adjourned at 10:05 a.m.