

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

**Committee of the Whole Meeting**  
**February 19, 2019**

A Committee of the Whole Committee meeting was held on February 19, 2019. Dr. Moore called the meeting called to order at 6:37 pm in the Board Room. Committee members present were Fred Arkin, Matt Baron, Jennifer Cassell, Thomas F. Cofsky, Dr. Jackie Moore, and Sara Dixon Spivy, as well as Dr. Joylynn Pruitt Adams, Superintendent; and Gail Kalmerton, Executive Assistant/Clerk of the Board of Education and FOIA Officer.

Also present were: Michael Carioscio, Chief Operations Officer, Karin Sullivan, Director of Communications; Greg Johnson, Assistant Superintendent of Curriculum and Instruction; Nathaniel L. Rouse, Principal; Chris Thieme, Senior Director of Technology; Roxana Sanders, Senior Director of Human Resources; Dr. Gwendolyn Walker Qualls, Director of Pupil Support Services; and Cyndi Sidor, Interim Chief School Business Officer.

**Visitors**

Amanda Massey and Steve Schering of the *Oak Leaves*.

**Public Comments**

None

**Minutes**

Dr. Moore moved to approve the committee of the Whole meeting minutes of January 15, 2019, as presented; seconded by Mr. Cofsky. A voice vote resulted in all ayes. Motion carried.

**2017-18 Audit Presentation**

Ms. Sidor presented the 2018 audit and introduced Joe Lightcap of Baker Tilly who reviewed the Comprehensive Annual Financial Report (CFAC) and the Governance and Maintenance letter with the Committee members.

CFAC

Mr. Lightcap explained that in planning and performing the audit of the financial statements of Oak Park and River Forest High School District 200 (the "District") as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, it considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, it does not express an opinion on the effectiveness of its internal control.

He emphasized that the District's internal controls over financial reporting should be designed to prepare financial statements in accordance with United States Generally Accepted Accounting Principles (GAAP). Discovery of material financial reporting errors and the required correction of previously issued financial statements indicates that there is a material weakness in the District's financial reporting system. As described in Note 17 of the District's 2018 financial statements, a restatement of the prior year financial statements was necessary to properly report health claims payable and the related expense in Governmental Activities and the Proprietary Funds. The proper internal controls were not in place at the District to ensure that the appropriate accounting information was being reflected in the financial statements. The error resulted in the understatement of liabilities and expense by \$563,481 in 2017.

Also, during the course of the audit a material adjustment to the District's cash basis financial information was identified to properly record medical insurance revenue and liabilities related to summer payroll. The entry to correct the error was provided by the District and was subsequently recorded in the financial statements. Mr. Lightcap added that the management discussion and analysis includes what happened in financial statements over the prior years.

The District's total net position equals \$130,509,919. The change in the net position from last year is \$343,071 because of the implementation of Gatsby 75. It is an increase in the net position of \$340,000.

A breakdown of the balance sheet by funds was provided. Statement of revenues and expenditures, including state retirement contribution, was also provided. The general operating funds have about 14 months of expenditures, which is down from the prior year. Expenses increased by 2.2% or \$1.7 million across all of the funds.

A schedule of changes in the District's net pension liability and related ratios was included on page 53 (IMRF) and page 55 (TRS). It shows future costs which are not impacting daily operations. IMRF evaluates their plan every year. In 2018, the state shared a large portion of the TRS liability, and it is looking for more ways to share that liability. There is no impact to the District at this time.

Due to the new state requirements, the audit is being presented in February. Page 59 shows that the District's expenditures were \$3.9 million more than its revenue. Page 66 shows that the 2017 actual was \$4.2 million. The cash basis accounting method should reflect better operations unless state and federal payments were to be late. Property tax money is supposed to be received in June, but because of property tax appeals, the District may not receive that money until July.

Mr. Lightcap stated that the new accounting regulations require liabilities to be reported differently. While previously different assumptions were used for health insurance at the state level, it had been disclosed. The state portion is still on the report.

Teacher salaries impact the budget the most and do not fluctuate as much as federal funds. The more salaries paid for with federal funds, the more TRS liability the District has. Discussion ensued about the state shifting the pension liability to the districts. Should that happen, thought must be given to the District's financial position and how it would survive such a shift.

The assumptions that are used for this report are reviewed yearly or semi-yearly. The state, IMRF, and TRS use their actuaries. They were all valued as of June 30, 2018. IMRF values go to December but TRS is different. The CPI is 2.7% even though in the past it has been lower. Internal calculations are shorter terms.

The Governance and Management Report satisfies different auditing standards: 1) Internal control over Financial Reporting, 2) Bank Reconciliation Procedures; Journal Entry Policies and Procedures and 3) Segregation of Duties. Internal control weaknesses would be reported to the Board. This year's comments are similar to those in the past. The auditors saw improvement in the process of a corrective action plan. It will be tested again in 2019. The Committee members wanted to see how the actions that had been taken in future audits.

Mr. Lightcap highlighted the informational points on pages 8-10. Under current guidance, Statement 34 requires that governments report fiduciary activities in fiduciary funds, but that statement does not provide a clear definition of what constitutes a fiduciary activity. GASB sought to reduce inconsistencies

in reporting and provide a clear foundation for future reporting. The new guidance will impact a significant amount of local governments including the District and its student activity funds.

Under the recently issued Statement 84, governments will need to apply specific criteria to determine if a fiduciary activity exists. The criteria focus on determining if a government is controlling the assets of the potential fiduciary activity and determining who the beneficiaries are. There are various types of assets that a government controls which will need to be evaluated under the new standard. Part of this evaluation will include identification of the beneficiary of the funds, consideration of how the assets are derived and the extent of administrative or direct financial involvement with the assets. Mr. Lightcap did acknowledge that a Q&A document was still being vetted as to how to handle procedures, etc.

During the course of the audit, a material adjustment to the District's cash basis financial information was identified to properly record medical insurance revenue and liabilities related to summer payroll. The entry to correct the error was provided by the District and was subsequently recorded in the financial statements. The adjustment identified was to reclassify cash between the Educational Fund and the Medical Insurance Fund in relation to the summer pay withholdings in the amount of \$1,250,595. The changes in the accounting procedures will include paying the statements by wire and working closely with the Human Resources Department. Every quarter a review of payments will be made to make sure none is missed. The Business Office now has staff to double check its work and has put more controls in place. Procedures will be memorialized in a procedure book.

#### **Abatement and Resolution for Property Tax Relief Grant**

It was the consensus of the Committee members to recommend to the Board of Education that it approve the Resolution Abating the FY 2019 Taxes for the purpose of the Property Tax Relief Grant, which provides compensation to the District for reducing their property tax levies, allowing the District to lower their property taxes with minimal or no loss to the District, and move forward for approval at the Special Board meeting on February 19, 2019.

In December 2018, the District applied for the Property Tax Relief Grant. On January 28, 2019, the District received a letter from the Illinois State Board of Education informing the District that it is eligible to receive the grant.

The District is eligible for a grant of \$3,754,030.60. In order to receive the grant, the District will have to take the following steps:

- Abate \$5,803,937.88 in taxes this year.
- Provide the county clerk with an authorized Board of Education approved abatement resolution by March 30, 2019.
- Provide the Illinois State Board of Education with a copy of the abatement resolution passed by the Board of Education in the amount of \$5,803,937.88.
- Provide Illinois State Board of Education with an abatement certification with the signature and seal of the County Clerk by April 15, 2019.

On or around May 20, 2019, the District will receive a one-time payment of \$3,754,030.60. This amount will become part of the "base funding minimum" for purposes of future general State-Aid payments. This continued allocation of State dollars is not contingent on the District abating taxes beyond this FY 2018 levy.

#### **Internet Service Vendor**

It was the consensus of the Committee members to recommend to the Board of Education that it approve the contract with the Zayo Group/OneTel Communication for Internet Services at the regular February

meeting. It was noted that this was a significant drop in the pricing of these services and the rates are much more competitive.

### **District Instructional Material and Technology Fees for the 2019-20 School Year**

It was the consensus of the majority of the Committee members to recommend that the Board of Education approves the Instructional Material and Technology Fees for the 2019-20 school year as presented at the regular February meeting.

### **SEL Conference - Waiver of Fees**

It was the consensus of the majority of the Committee members to recommend that the Board of Education approve the waiver of fees in order to host an SEL Conference at the regular February meeting. Last year 40 staff members participated free of charge. The District is happy to be able to host this year. There were no unexpected costs or problems in hosting this event.

### **Board Budget for School Year 2019-20**

It was the consensus of the majority of the Committee members to recommend that the Board of Education approves its budget for the 2019-20 school year as presented at the regular February meeting.

The miscellaneous food line item was for unexpected food expenses, as was the case this year for the student leaders' meetings under the CCB recommendations. Legal fees are situational. This budget decreased by approximately 20% from last year.

### **Oak Park Recreation Center**

The Board of Education at the Special Board of Education Meeting on August 15, 2017, approved an MOU between the Park District of Oak Park, the River Forest Park District and District 200 regarding the potential partnership in building a Community Recreation Center. This MOU was intended to ensure consistent communication between D200, PDOP, RFPD, and key stakeholders regarding project scope, timing, and funding. The end goal was to provide a Community Recreation Center to increase access to quality indoor recreational and community space to be used by residents of both Oak Park and River Forest as well as D200 athletics during non-school hours. If the three entities were unable to secure commitments of necessary funds from local community organizations and potential partners by Dec 1, 2017, the MOU would become invalid and the community recreation center would not be constructed as described in the memo.

During the process, the representatives explored five financial options, two potential locations as well as the identified needs for each partner related to the CRCC (Community Recreation Center Collaboration).

At the November 16, 2017 Board of Education Meeting it was recommended that the Board of Education allow the MOU to expire based upon the following: Scenarios 2- 5 would have a financial impact on taxpayers, moving up the time frame for D200's operating referendum or increasing taxes to pay the debt service on a bond issue. Also, facility recommendations by IMAGINE OPRF were at least six months away, and the cost implications of the recommendations were unknown. It was also unknown whether the community would support any of the financing scenarios as the best use of the District's resources. It was determined that at which time a decision was made regarding IMAGINE OPRF, the administration would request the possibility to resume discussion with the Park District of Oak Park and the River Forest Park District.

The administration has been in contact with the Park District regarding plans for the Community Recreation Center moving forward. The administration is bringing this item for discussion with the Board as indicated in the November 16th, 2017 Board memo regarding collaboration with the Park District of Oak Park on a Community Recreation Center. The Park District of Oak Park has moved forward with a

plan for a Community Recreation Center, but on a smaller scale than was previously discussed. The River Forest Park District is no longer interested in pursuing this collaboration opportunity. The Oak Park Mental Health Board still has an interest in partnering on the Community Recreation Center. Should District 200 decide to collaborate with the Oak Park Park District, the needs of the District would need identification. The administration has met with the Park District, and they would be willing to consider adding a competition pool and gym as part of the project if the District were willing to bear the cost. Vic Guarino, president of the Park Board of Commissioners, provided an update and answered questions from the board.

Mr. Guarino asked if the District were interested in this partnership opportunity, as the Park District wants to move ahead quickly. Partnering with the District would elongate the timeline. At this point, the Park District has laid the groundwork for this endeavor, i.e. spoken with consultants, identified sources and is the in the process of putting together marketing materials, etc.

Because River Forest is no longer interested in participating in this endeavor, one member felt partnering with the Park District was more challenging for the District and that community conversations would have to take place, just as was done in the IMAGINE process. Mr. Guarino stated that River Forest residents would be treated just as Oak Park residents.

Mr. Guarino continued that the site that is currently being looked at would not accommodate a pool. However, the Park District would consider another site if the District had an interest or preference.

Questions arose:

- 1) How would the District involve itself in the Park District's process, particularly from the fundraising standpoint?
- 2) Would the Park District consider building the pool at OPRFHS with public access and splitting the cost?
- 3) How could the District collaborate on recreation facilities, how would the conversation, analysis, and decision-making process be incorporated into the Imagine process? The administration would have to look at the way the components are structured, and it cannot give a process answer at this time.

One member stated that on December 20, 2019, the Board of Education charged the administration with the funding of the identified critical needs. If collaboration with the Park District were to achieve that purpose, it would be challenging for the administration. The concerns about River Forest are valid. One member also appreciated the continued exploration of this path. One member stated that both entities are raising funds. If there were a collaboration, the District would not stop to raise funds for those facilities.

#### **Future Agenda items**

- 1) Recognition of the wrestling team that qualified for state.
- 2) Discussion on epidemic vaping issues, controls, and next steps, and collaboration with the villages and other schools. Vaping is now addressed in Board policy.
- 3) Topics for March 7 Town Hall will include racial equity work and safety and security. If others have suggestions, send to Dr. Moore.

#### **Adjournment**

At 8:23 p.m., Dr. Moore moved to adjourn the meeting; seconded by Mr. Baron. A voice vote resulted in all ayes. Motion carried.