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

FINANCE COMMITTEE MEETING
August 16, 2007

A Finance Committee meeting was held on Thursday, August 16, 2007. Mr. Rigas called the meeting to order at 7:40 a.m. in the Board Room. Committee members present were: John C. Allen (arrived at 8:08 a.m.), Valerie J. Fisher, Dr. Ralph H. Lee, Sharon Patchak-Layman, and John P. Rigas. Also present were: Dr. Attila J. Weninger, Superintendent; 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; Tim Keeley, Purchasing Coordinator; Robert Zummallen, Director of Buildings and Grounds.

Acceptance of the June Finance Committee Minutes

It was the consensus of the Finance Committee members to accept the minutes of the June 19, 2007 Finance Committee meeting, as presented.

Construction Update

Mr. Lanenga gave status reports on the following items:

Mall:

- concrete was complete except for red ramps and some replacement for cracked areas;
- clean up is almost complete;
- prefab benches are installed;
- nursery area is dug and just stone, chips, etc. are needed;
- lines are cut in the concrete
- sandblasting is near done;
- landscaping will start this day.
- Concrete company has agreed to wait for cleanup until the landscaping and then will do the power washing.
- The pavilion and port-a-potty will be installed in the summer of 2008.
- Extra costs: fixed the drainage problem in the dock area (bad smell)
- Original plan called for concrete on the north end and that was to change to blacktop in a cost-cutting move. He re-authorized the use of concrete when the turning radius needed for trucks was realized.

Scoville:

- sewer line is repaired: used water pressure grade piping to replace the sewer.
- Expectations:

    - Pedestrian walkway completed today or tomorrow (the Village is putting in a raised identified walkway to identify it as a pedestrian area. It will make it safer for students to walk.)
    - Blacktopping will be completed on Tuesday
    - Brick work will be done during school year
    - Working on an area for bikes in the front of the building

Mr. Lanenga reported on the telephone outage when the construction company cut 250 phone lines because the wires were not marked.

Interior:

- Room 276 complete
- 355A and B complete
- South hall is complete
- Electric and wiring for projectors will be complete by Friday.

Proposals:
- Add fencing to east side of fields (west side of mall)
    - About 600’
    - At least replace the old salmon colored iron (300’)
    - Probable dedication at Homecoming 2007

Installation of security cameras will be complete in the next couple of weeks. Because the low bidder tried to change the terms, there was a compromise. This was not budgeted. The green-colored fence is unstable. The salmon-colored fence has short points on it. The Finance Committee members instructed Dr. Weninger, Mr. Lanenga, Ms. Witham and Mr. Zummallen to discuss these issues further.

Ms. Patchak-Layman asked if the landscape firm was comfortable waiting for the power washing. The response was, yes. The residue from the concrete will be swept up. Ms. Patchak-Layman also asked if the points of the salmon-colored fence could be cut off. The response was yes, but it would not look good esthetically.

Mr. Lanenga reported to Dr. Lee that the cost for removing the asbestos floor tiles was still an issue; however, the process is now more efficient. The cost of finishing three rooms including the cost of the new tile was $9,500 versus the $25,000 it would have cost fifteen years ago. Another problem is that the mastic has asbestos.

Skyward

There was no report.

Cargo Van Bids

It was the consensus of the Finance Committee members to recommend that the Board of Education approve the purchase of the Food Service Cargo Van to be purchased from the lower bidder, Northwest Ford, Inc., for the amount of $17,379, at the regular August Board of Education meeting.

The reason for purchasing the van is to transport food to District 97 schools. Ms. Witham assured Dr. Lee that the administration had compared the cost of purchasing a vehicle to that of renting one and found that it was less expensive to purchase it.

B&G Employment

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the addition of 1.5 FTE to the Buildings and Grounds Department to provide additional coverage for the building on a one-year trial basis at its regular August Board of Education meeting.

Mr. Zummallen, the director of Building and Grounds, had identified several problems dealing with the cleaning of the building. They included, but were not limited to weekend cleaning, daily bathroom cleaning, recycling, weekend O.P.R.F.H.S. event coverage, locker room cleaning, Field house floor cleaning, facility attendants, outside events, and general service. This proposal will allow the district to determine if it is both cost effective and improve services. This will be subject to discussions with the B&G bargaining unit.

The use of the building is increasing. Last year, the District spent over $70,000 in overtime of custodial services, much occurring on the weekends, with the same people volunteering to do this duty. As the year progresses, these people become burned out and are less productive. The main goal was to get two additional people to work on the weekends and eliminate the need for facilitators. Facilitators can now only open the doors; they cannot provide services like taking out the garbage, etc. Custodians can do anything, i.e., open doors, provide service, and take out garbage. Presently, there are only four-day custodians to do recycling. The weekend person would also do the recycling, allowing day custodians to do their runs and to clean bathrooms. It would allow the third shift people to clean the field house weekly, rather than just once per year.

The projected costs were determined by tracking overtime by individuals for individual events and then estimated for the full year. At the end of the pilot period, it will be clear if the additional costs would be mostly offset by not having to pay the overtime.

Mr. Zummallen stated that every Monday throughout the school year, they get calls from teachers needing to have their classrooms cleaned immediately because they had been used over the weekend. Mr. Rigas noted that the balcony of the swimming pools needed additional attention. Mr. Zummallen stated that the third shift consists of four people. While there is better service now, the pool is frequently used. TOPS used to use it two times and only pay for one; they also often took the cleaning robot out of the pool.

Locker rooms used on Friday night are not cleaned until Sunday mornings. The District is understaffed on weekends.

Because there was mention of reducing student help in these areas, Ms. Patchak-Layman wanted to see the District continue to utilize students whenever possible. Mr. Lanenga explained that the term "student" was a relative word. Generally, they are college students who come and go as they rotate out on a four-year basis. The District would keep the "student" painters for summer work. The helpers in electrical, carpentry, etc., would be eliminated. Ms. Patchak-Layman reiterated her desire for the District to employ students. Buildings and Grounds was a good venue for this. She suggested that they be replaced through attrition and not let go.

The changing of light bulbs has been added to the custodians' job description. Electricians will now be able to concentrate on serious electrical problems. Engineers can now do the thermostat work.

Ms. Patchak-Layman also asked what reducing the landscaping budget entailed. She was informed that previously the District had used an outside vendor to place chemicals on the field. Now the Building and Grounds people do that and it saves the District $30,000 annually, and the fields look great.

Health Insurance Cooperative Alliance

Ms. Witham provided the Finance Committee members with the following report on the Health Insurance Cooperative Alliance.

"O.P.R.F.H.S. has been sponsoring a monthly meeting for the fiscal managers of each of the taxing bodies in Oak Park and River Forest. This group has been discussing ways in which the taxing bodies can work together in a cooperative manner in order to find cost savings and efficiencies between the two communities.

"Early in the process, the group identified health care as an area in which significant savings could potentially be identified and realized if the taxing bodies formed an intergovernmental cooperative relationship. Similar relationships exist in a few suburban communities on the north side of Chicago. After detailed discussions and analysis of current plans, it was decided that a subgroup of Oak Park taxing bodies would explore the topic further.

"All of the Oak Park taxing bodies are presently self-insured for medical insurance paying fees to access the Blue Cross/Blue Shield network. The renewal date for all plans, except District 97, will be January 2008. District 97's renewal date is September 2007. "The entire group would insure approximately 2000 lives. Each of the groups is presently using a different insurance broker for renewal services. All of the groups offer an HMO and a PPO product, District 200 is the only group that offers a high deductible HRA plan. All of the other groups are interested in implementing a high deductible HRA plan.

"The Oak Park taxing bodies have met over the past several months and have identified potential savings in broker fees, administrative fees, access fees and stop loss insurance. We have also identified possible long-term savings in wellness planning and cooperation within the community. In the future, the group can also explore saving for dental insurance, life insurance, and possibly long-term disability. We have discussed possible structures ranging from a cooperative sharing claims risk to an alliance that does not share claims risk, but shares cost savings for fees.

"There are several brokers in the Chicago area that are very familiar in these types of intergovernmental arrangements. The group interviewed six brokers to discuss ideas and feasibility. The group then invited back three brokers for further discussion. At this time, the group of taxing bodies intends to send out a Request for Qualifications to further identify possible services and savings for the group."

Ms. Witham attached a timeline of activity in anticipation of a possible intergovernmental agreement and cooperation for a January 2008 renewal. District 97 may need to join the group for the 2009 renewal due to its present September renewal requirement. Every taxing body will be discussing the possible intergovernmental cooperation at its August meeting.

The group will send out an RFQ to qualified brokers asking for their qualifications. A recommendation will be made and the renewal will be January.

Ms. Witham noted that this would probably require board action in September. Ms. Witham noted that the consortium would have its own board made up of fiscal managers. They would go through a RFP process, a renewal process, and then make recommendations to the taxing bodies. When responding to a question about whether or not an entity's participation would have an impact on the cost of the other groups, Ms. Witham stated that it could have both positive and negative consequences. The Township cannot make a decision on its own because it is part of the Village. The Village has seventeen member districts and the Township is tied to the Village. Thus, it would be the Village of Oak Park and Districts 97 and 200. This three-year intergovernmental agreement would allow an entity to give some kind of notice of withdrawal. What she was expecting in the RFQ was the broker and administrative costs based on a per-member, per-month fee. Ms. Witham noted that the group was still in the theoretical stage and gathering information about the amount each member currently pays. What was discovered, specifically for access fees, was that all of them pay around four percent to BCBS to access its network. That could be lowered by one percent. If the consortium estimates $15 million in claims, there could be significant savings. The participants also pay around $50,000 each in broker fees. Once this is in place, the group would begin to work on wellness and other things.

The high school has a benefits committee comprised of union representatives and administrators; its responsibilities would remain the same. The intention is to still renew with HMO and PPO and work with each insurance committee about reduction, wellness, etc.

The Finance Committee members noted their interested in continuing this endeavor.

<u>Budget</u>

Ms. Witham reviewed the Management Discussion and Analysis of the FY '08 Budget with the Committee members as noted below.

"As required by the School Code of Illinois, the Preliminary Budget is presented for the consideration of the Board of Education and the communities of Oak Park and River Forest. This Budget is in preliminary format. The Tentative Budget will be reviewed at the August 23, 2007, Board of Education Meeting. The Tentative Budget will have updated information and will be presented in a detailed format. The Tentative Budget will be put on display in the Business Office for 30 days beginning August 24, 2007. The Tentative Budget will be reviewed again at the September Finance Committee Meeting, and the Board of Education will be asked to approve a Final Budget at the Board of Education Meeting on September 27, 2007.

"This Preliminary Budget contains several estimates based on the information currently available. These estimates relate to the cost of salaries and benefits for future staff members yet to be hired. This budget also includes estimated amounts of State Foundation Aid and categorical state aid. Revenue and expenditures for State and Federal grants that have not been finalized and approved are omitted and will be added later.

"The District continues its commitment to narrow the achievement gap and to meet the needs of special education students. In addition, the State of Illinois recently increased graduation requirements. The financial resources required to address these three issues are significant. In the fall of 2005, the Board of Education carefully considered school achievement initiatives designed to address these concerns. The cost of these new initiatives is approximately $1,500,000 per year in FY 2006 dollars. Please see page 10 for a chart of the initiatives that have been implemented in FY 2007 and proposed for FY 2008. The estimated cost for continued implementation of the Initiatives will be approximately $1,549,000 in FY 2008. Accessing the final phase-in option of the 2002 referendum has provided resources to fund the cost of these initiatives. In December of 2005, the Board of Education approved the 2005 levy with a total extension of $50,200,101, excluding bond and interest. The *Five Year Financial Projection* details the

plan to implement the new initiatives and to extend the need for another referendum until approximately 2018.
"Local sources of revenue will increase due to anticipated increases in interest income as fund balances improve. In addition, in the fall of 2007 the District anticipates receiving the majority of funds presently held by the Cicero Township Treasurer. The District is well prepared to receive these funds directly into investment accounts and anticipates receiving interest income at market rates rather than the below market results realized by the Cicero Township Treasurer accounts the past several years. An increase in summer school tuition and student fees will generate additional revenue.

"Federal Grants are reflected as a decline in revenue in this Preliminary Budget while we await formal approval of our grant applications and confirmation of the amount. The revenue and planned expenditures for these grants will be updated in the Final Budget. The District has received an estimated amount of $690,000 for the IDEA grant. The estimated amount is $22,000 more than last year.

"Expenditures

"The majority of the increases in expenditures relate to salary and benefits. The salaries and benefits reflect the results of contract negotiations with all bargaining units. The District has recently completed contract negotiations with the Faculty and the District has signed a five-year contract. Included in the Faculty agreement are salary increases as indicated in the table below along with an increase in the number of lanes reflected in the salary schedule. These new lanes are reflective of the overall market and reward continued education. The Faculty will begin assuming supervisory duties for the 2008 school year. The supervisory period is an additional 48 minutes of student contact each day. Also included in the agreement are several other features including an adjustment to the retirement compensation in order to meet the 6% limitation in the final years of service, a transfer of retirees to the state medical plan rather than the district medical plan beginning with retirements at the end of FY 2007, and there will be an increase in the employee participation rate for medical insurance. Additionally, the parties have agreed to phase-out the end of career retirement "bumps" in salary in exchange for a 403 (b) incentive over the employee's career, after reaching tenure. This change reduces the cost for the District and increases the amount available at the time of retirement for the employee.

"Contract Salary Increases & Length of Contract

	FY 2007	**FY 2008**	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012**
Faculty	6.0%	**4.5%**	4.5%	4.0%	3.6%	3.6%
Clerical	5.5%	**5.5%**	5.5%			
Custodial	3.0%	**2.0%**				
Non-Affiliated	4.5%	**4.5%**				
Security	4.0%	**4.0%**	4.0%			

Faculty staffing has been decreased 1.5 Full Time Equivalents (FTE) over last year's total due to an anticipated decrease in student enrollment. Although there is an overall decrease in total FTE, there is an increase of 2.0 FTE for the Special Education Department. These increases include the addition of 1.0 FTE for a Behavior Interventionist for Special Education students plus a 1.0 FTE classroom teacher. The increase in the Special Education area is necessary in order to accommodate the needs of incoming students requiring special education support services. The position of Behavior Interventionist will be funded from funds set aside for the *Initiatives* and is designed to address the need to reduce the need for disciplinary action by intervening in advance. The position of Program Chair for Student Safety will be maintained for FY 2008 as a Faculty position.

"Increase in faculty staffing relating to the Initiatives:

Faculty FTE	***Description***
1.5	English, including Learning Seminar and Reading Support
1.0	Guidance
2.7	Math
1.6	Science
1.0	Psychologist
2.0	Special Education mandates
.4	Study Circles
1.4	Reduced Class Size
1.0	Behavior Interventionist
12.6	Total

"In the area of administrative staff, the District's new superintendent, Dr. Attila Weninger, is presently constructing a plan for redesign of the administrative staffing. This budget includes an estimate for the unfilled position of a building Principal. It also includes an estimate for an individual to fill the vacant position to supervise the guidance counseling area. Additionally, a new Athletic Director has been identified and has been budgeted appropriately in the current estimates.

"In the non-affiliated management group, there are some uncertainties that remain. There are several positions open in the technology department and discussions continue about this area. There is an open position in the Business Office for the Supervisor of Finance and there is still uncertainty about the position of Substance Abuse Coordinator, which is presently a contract position. A position of administrative assistant for the Principal has been budgeted along with all of the other position mentioned above.

"Clerical staffing has been reduced by one FTE as the position of secretary for social services has been eliminated. There are no planned increases in teaching assistants for special education students at this time. This may change as the District becomes aware of new incoming students with special needs.

"Due to the impact of recent legislative action capping end-of-career salary bumps at 6% without a penalty, several faculty and administrative members have formally requested retirement in the period ending 2010. This budget reflects the cost of the related end-of-career salary bumps, 6% penalty and estimated ERO payments. The change in legislation and in the District contract with Faculty members is a long-term savings for the District, the benefit of these saving will not begin to be realized until the current annuity system begins to sunset in FY 2008 and as the 403 (b) match begins to be phased-in.

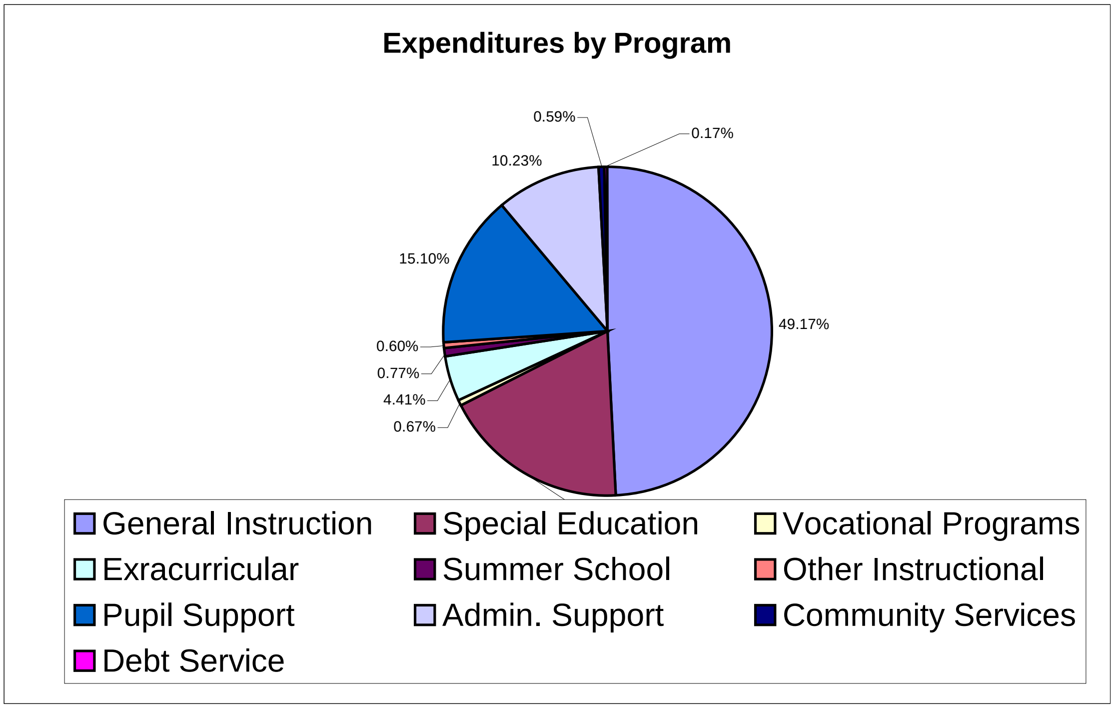
"Other Expenditures

"Classroom reconfiguration totaling $62,000 will be made this summer. These upgrades are outlined in the *Initiatives* and will provide enhanced classroom space for classes offered as a part of the *Initiatives.*

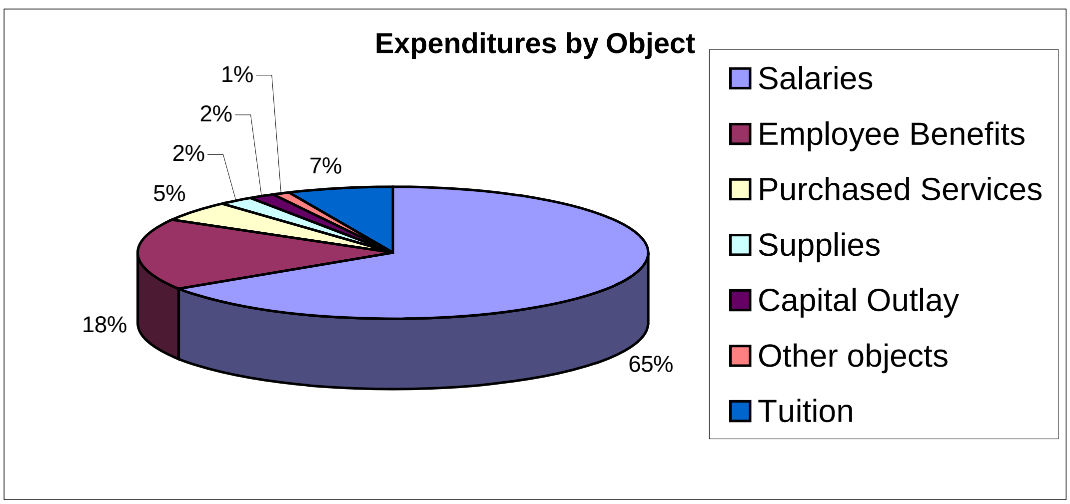
"Several categories of spending reflect a reduction in expenditures for next year. Summer School expenses are slightly reduced to reflect a reduction in the number of courses offered due to low enrollment in the particular area. The largest decrease relates to a 22% reduction in Support Services-Administrative. This is reflective of the planned transfer of utility costs to the Operations and Maintenance Fund (O & M). These costs are now appropriately reflected in the O & M fund consistent with the *Five-Year Plan.* Utility costs are estimated to be $1,275,000 for FY 2008. The decrease in expenditures in the Support Services-Administrative due to the transfer of utility costs is offset by regular increases in salaries and an increase of $10,000 for minority recruitment efforts.

"The costs for Special Education services will increase due to tuition needs and program expenditures related to the Learning Disabled program. The staffing increases were discussed above. These expenditures are reflected under Special Education on the summary worksheet.

"The 8% increase in Interscholastic Programs includes the area of Athletics, Student Activities, Forensics, Marching Band and Spoken Word. The budget for Spoken Word has been moved from the Regular Instruction area to Interscholastic to reflect the growing participation in this after school activity; the budget is approximately $28,000. Several new coaching positions have been added to the Athletic area to support increased student participation. The additional expenditures for coaching stipends of approximately $50,000 are offset by an increase in student participation fees. These increases are reflective of the District Goal to increase participation in interscholastic activities.



"General Instruction and Special Education Instruction is estimated to be approximately 67.45% of the Education Fund budget, up 1.45% over the FY 2007 Original Budget. The Admin. Support percentage has decreased by 3%, due primarily to the transfer of utility expenses to the O & M Fund. In this illustration, the labels correspond to the percentages reading left to right.



"Salaries and Benefits are estimated to be 83% of the total budget, which is 2% greater than the 2007 Original Budget. Special education tuition is estimated to be 7% of the total budget, decreasing from 8% in 2007 but still greater than the 5.8% in 2005 and 6% in 2006. Supplies will decrease by 2% primarily due to the transfer of utility costs to the O & M Fund.

“TORT IMMUNITY FUND

Expenditures for the Tort Fund include property, liability and workers’ compensation insurance. The overall costs of premiums have remained stable with a zero percent increase. There are planned expenditures to enhance the security camera system for $50,000 and to repair safety equipment related to the athletic program. Interest income is budgeted to increase, as discussed in the Education Fund section of this document.

“BOOKSTORE FUND

A slight increase in revenue of this fund is due to the work of the Bookstore Manager who continues to find cost savings for book purchases, and pass these along to families. The Bookstore continues to function on a break even basis.

“FOOD SERVICE FUND

The budget reflects a rather large increase in revenue and expenditures. The District has recently signed an Intergovernmental Agreement with District 97 to provide food service to the entire district. This cooperative agreement benefits both Districts and the community overall by lowering the cost of food services by using economies of scale utilizing District 200 staffing and equipment. The two Districts will also be able to maximize the use of federal commodities. This model is designed to increase the nutritional value of food for students while maintaining the lowest price possible. District 200 will purchase a new oven, one new van and will hire one additional food preparation person in order to implement the service. These costs will be advanced by District 200 and will be paid back through lunch prices over the next four years. The cost of the new equipment is approximately $113,000. The purchase of the new oven will eliminate fried foods from the menu of both school districts. In addition, District 200 will continue its program of increasing the fund balance over time in order to replace equipment in a timely fashion. The negative change in fund balance is reflective of these purchases, net of the set aside for future equipment replacement.

“OPERATIONS AND MAINTENANCE FUND

Increases in expenditures in the O & M Fund mirror the contract salary increases of 2%, plus the addition of utility expenses transferred from the Education Fund of $1,275,000. In addition, there is a slight increase in capital expenditures in order to replace several pieces of equipment.

“Other Sources of Revenue is budgeted to decrease. For FY 2007 the District has received a rather large increase in Corporate Personal Property Taxes. This source of funding is exceptionally volatile; therefore, the budget is reflective of the amount estimated in the *Five Year Plan* rather than last year’s results.

“Transfer is budgeted to increase. The transfer category is the interest income earned in the Bond and Interest Fund. This amount is transferred to the O & M Fund at the end of each year. Interest income should increase next year due to the circumstance discussed earlier in this document concerning the Cicero Township Treasurer.

Beginning in FY 2009 the Restricted Building Fund balances will be depleted. At that time, the O & M Fund will begin to shoulder the burden of costs related to the continued maintenance of the vintage building. The *Five Year Plan* reflects annual budgets of approximately $600,000 for this purpose. It will be important to sustain cost containment in the O & M Fund in order to ensure that facility maintenance is not deferred, thereby significantly depreciating the value of the district's and communities' valuable asset. It is important to maintain this objective due to the limited borrowing capacity of the District imposed by law.

"LIFE SAFETY FUND

During summer 2007, the District will commence improvements to the mall, install air lock doors at the two entrances to the athletic corridor and install new rigging in the auditorium. A transfer of $613,963 will be made to the Bond and Interest Fund in order to pay the debt from for the roof project. .

"RESTRICTED BUILDING FUND

This fund is used for capital projects outlined in the Facility Master Plan. The only current or future revenue for this fund consists of interest income on the remaining cash balances. The expenditures of $344,720 are for the mall project and reflect the cost of landscaping, furniture and the pavilion, which cannot be funded from the Life Safety Fund. The remaining fund balance of approximately $300,000 will be set aside for emergency purposes. In the future, projects for site improvement and maintenance of the vintage building will be reflected in the O & M Fund and have been anticipated in the *Five Year Plan* at an annual funding amount of $600,000. See page 11 for a summary of summer projects related to the Tort Fund, Restricted Building Fund and Life Safety Fund.

"TRANSPORTATION FUND

The District presently owns two activity buses, one special education wheel chair equipped mini-bus and two vans for transporting small groups of students for activities and special education programs. These vehicles have greatly reduced the cost of transportation for small groups of students. The District also owns four vehicles utilized for the Drivers Education program. Three of these vehicles are now five years old and will be replaced this summer. The estimated replacement cost net of trade-in is $35,000.

"The District is presently under contract for special education and activity transportation needs. Grand Prairie has been awarded the Special Education transportation contract, and R & D has been awarded the Athletics and Activity transportation contract. The District has a three-year contract with each company. Grand Prairie began providing services the summer of 2006. The slight reduction in planned expenditures reflects the efforts of the special education department to reduce the number of students placed in off-site services.

"IMRF/ SOCIAL SECURITY FUND

The slight reduction in expenditures for this fund relate to a reduction in the IMRF rate. The rate will decrease to .0.089 on January 1, 2008. Historical rates are: .0737 in FY 2004, .0859 in FY 2005, .0939 in FY 2006, .0961 in FY 2007 and .089 in FY 2008.

“WORKING CASH FUND

The District is reestablishing the fund balance in this fund in order to provide for cash flow that will be necessary due to the spend down of the Restricted Building Fund. The District receives Tax Revenue, the majority of its revenue, twice per year. The fund balances help the District with cash flow needs between the payment dates.

“DENTAL AND MEDICAL SELF-INSURED FUNDS

Effective January 1, 2007, the District implemented a self-insured medical plan for the PPO low deductible and PPO VEBA high deductible medical plans. These plans have been added to the previous fund titled Pharmacy Self Insurance Fund. The increases in revenue and expenditures are directly related to the increased premium due to the utilization levels. The costs for prescription drug usage continue to escalate and are a significant factor in the health insurance premium increase. A positive change in fund balance in the Medical Insurance Fund reflects a planned increase in the reserve for future claims.

“WORKERS’ COMPENSATION SELF-INSURED FUND

During FY 2007, the District renewed the Workers’ Compensation Insurance with the SELF-cooperative pool, taking advantage of the high deductible partially self-insured option. This fund was established at that time. In December of 2006, it became apparent that the SELF-cooperative pool was experiencing significant structural instability due to districts with continued high utilization due to excessive losses. An attempt by the pool’s executive board to help these districts migrate to a high-risk insurance alternative was unsuccessful. In January of 2007, the Board of Education approved a resolution to withdraw from the pool and seek outside bids for insurance. As a part of that process, the District received and accepted an insurance bid from CLIC. The District is no longer self-funded and this budget reflects the anticipated budget for costs incurred but not paid.”

Discussion ensued.

Ms. Fisher, referring to the TIF funds that were expected, asked if the 2007 levy EAV would ensure that new property EAV were high enough to capture $20 million. How is that working with the Village of Oak Park? Ms. Witham reported that in the downtown TIF, significant EAV had accumulated. A couple of years ago, it was noticed that many administrative expenses were being reflected in the TIF funds in both the Villages of River Forest and Oak Park, i.e., village manager salary in River Forest, police officer salaries, etc. Previous law said that those expenses could fall into a gray area. However, five years ago, the law changed and delineated that only those expenses occurring within the TIF district were applicable. Both communities are not adhering to that change in law. Dr. Lee asked whether the District should take a stronger stance. Mr. Rigas responded that the District has been attempting resolution in a friendly way. He now believed the only way to resolve it would be on a board-to-board level. The Taxing Bodies Fiscal Managers group, of which Ms. Witham is O.P.R.F.H.S.’s representative, was supposed to present it to the Oak Park Council of Governments by July 1. However, the group has not been invited back to present the proposal.

Ms. Fisher noted that this was a two-level ongoing process: 1) pursuant to the IGA, the Village agreed to give revenue and a guaranteed number (that has been happening); and 2) at some point, District 200 must meet with the Village Boards on how they are using the funds. She did not want the ultimate disbursement eaten away by expenses.

Ms. Witham continued that it was challenging to be on the Joint Review Board because the members cannot call a meeting; they have no rights other than to listen to year-old reports. Only the Village can call a meeting, it may choose not to meet, and it is only required to provide information to the Joint Review Board. Mr. Rigas suggested talking with the media, but Ms. Foran stated that it is such a complicated and arcane issue and there has not been an educational effort as on other aspects of the TIF with the media. She thought the media would have to be walked through the situation. Ms. Fisher concurred. The public at large does not know. Dr. Lee noted that because of the political issues during the last two Board campaigns, the community has become aware that $10 million is missing from the Village budget. The details are yet unknown. He noted that he and Ms. Patchak-Layman were partly responsible for that discovery. Ms. Foran added that the three new trustees were explicit about being supportive of both school districts in their campaigns. This issue affects schools. It is pertinent to do an educational campaign. The best way to start something like this with the new trustees, as with the media, is to start from the same basis of background.

Ms. Witham noted that she had informed District 90 of this situation and she spoke to the business manager of the Village of River Forest about discontinuing the practice of paying for inappropriate expenses out of the TIF, but that has not happened. Mr. Rigas stated that District 90 does not want to alter its relationship with the Village. District 97 has been working with the Village on other issues to help it, i.e., leaseback, etc. The River Forest TIF expires in 2009; no extension is anticipated. In the past, District 200 visited with Paul Keller of Ancel Glink, Ali ElSaffar of the Assessor's Office and the Village of Oak Park, about the legalities of the administrative costs being reflected in the downtown TIF. Since that time, the Village of Oak Park has reduced the amount of expenditures.

Ms. Patchak-Layman stated that within the extension of the TIF contract, there was a clause stating that if any referendum were passed, those funds from the downtown TIF would be held separate and would be distributed to the taxing bodies. There was no dollar amount attached to it. Conversations were occurring at the Village regarding the next carve out and about identifying the dollars that would be part of that. It is a discussion about using those funds differently. She asked if there were a financial analysis EAV being released vs. a dollar amount. Ms. Witham responded that the Village would have to give the District the dollar amount.

Dr. Lee asked if there were anything to gain or lose with the series of carefully planned presentations in the televised section of citizens' comments to the Village Board on Monday nights. One presentation might not have much effect, but a series of them could. Dr. Lee was willing to participate in the presentations. Ms. Fisher felt that would be an avenue, but also felt a series of direct phone calls would also be effective. District 200 does not want an adversarial situation. Ms. Fisher suggested that Mr. Conway contact President Pope.

Ms. Patchak-Layman stated that it should be a District 97, District 200 and the Village of Oak Park joint board meeting. She remembered increasing the number of dollars that were part of the baseline because the Village expected more EAV. The baseline has increased by $9 million, not the TIF baseline, but the baseline on the money that was available. Originally, the Village was keeping $40 million as a baseline and that is up by about $9MM. The incremental EAV, however, is much higher. That was not accounted for in the dollar amounts coming back to the districts, even though it was requested. She felt there should be a real recognition of the EAV. She suggested bringing it up as it is a new board and this represents real working cash for the taxing bodies. Ms. Fisher concurred with Ms. Patchak-Layman that a Joint Board meeting should be scheduled prior to when the next number is scheduled to be set. The Village's finance manager had suggested throwing out the TIF as the Village as a number of projects it would like to do and the TIF would not support them all.

It was the consensus of the Committee that Mr. Conway should contact Village President Pope about a joint meeting.

Dr. Lee remarked that the introductory section of the fiscal '08 budget was very helpful and he congratulated Ms. Witham on her thoroughness.

Discussion ensued regarding approval timing. Eighty-three percent of this budget is in salaries or other items for which the District is already obligated. He assumed there were good reasons why the Board of Education was voting on the current budget, but he would have preferred voting on a 2008/09 budget. Mr. Rigas explained that this was no different from a private company that has union contracts. . It is common, even in the business world. Most businesses would have their budgets done before the business year starts. Ms. Witham begins the discussion at the DLT-level in January. The five-year plan is the first look at the District budget and it projects revenues and trending salaries. The five-year plan is presented in the fall. Mr. Rigas asked that this be put on the October Finance Committee agenda. Ms. Fisher noted that the five-year plan is an important document and it is continually reviewed. Concurrent with the five-year plan, anticipatory planning occurs. The majority of the budget is known because of the contractual obligations.

The District going into the fiscal year without a budget approved bothered Mr. Allen. He wanted to bring this process forward for approval before the next fiscal year.

Dr. Lee asked how the inevitable drop in housing prices and evaluations would affect the taxing bodies. He was informed that it had never happened in the history of Oak Park. District 200 is well under its rate; if the assessed evaluation goes down, the District's rate would increase closer to the allowable maximum. Mr. Rigas continued that the District levies dollars; the rate is a mathematical equation. If one's house drops in value, the owner will not realize a lower tax bill. Ms. Patchak-Layman stated that the bigger question is if, in fact, the community has a decrease in housing and the economy is suffering, should the response of the District be to recognize that and reduce the dollars needed with which to work. She felt the District would not levy the same dollar amount at that point. Ms. Witham stated that the District could make that decision at that time.

The Committee members asked for a breakdown of Board of Education expenditures, specifically the legal fees.

Discussion ensued regarding general administration and salaries relative to the new organizational chart. Dr. Weninger noted that there would be a reduction in the line for the position of division held by Don Vogel and that had been a placeholder under the principal to pay him his current salary. Two people will split his division head responsibilities and receive stipends.

Mr. Rigas noted that when one looks at this budget, the salaries budgeted account for 83 percent, which leaves 27 percent for everything else. If one wants to make a significant impact on the budget, one should start with the 83 percent versus 27 percent. Long ago, he asked for and received an analysis of the people in the building by classification from 1975 to present; the number of non-certified people had not changed. Dr. Weninger noted that he would look at the situation but did he not believe that non-certified staff was the area in which to concentrate. He felt that it most appropriate to look at the detailed work with sectioning, staffing, spiraling special education costs, legal expenses related to Special Education, and increased outplacement. He would invite Mr. Prale and Mr. Lanenga to this conversation. Ms. Patchak-Layman suggested reviewing job classifications and responsibilities.

Dr. Lee wanted more information about special education legal costs. When Ms. Patchak-Layman asked when the last RFQ for legal and audit services occurred, Ms. Witham responded that she constantly looks for audit firms. Legal is a professional service. The law firms have hourly fees, which have remained flat. It is dependent on one's expertise to do the job. Ms. Patchak-Layman suggested looking at other types of arrangements. It should be competitive in terms of the quality of service and relationship. Ms. Witham stated that she has been happy with the legal services being provided to the business office, but if the Board of Education were not, the District could explore that option.

Mr. Rigas noted that the other area to be reviewed is the use of technology inside the building. He wanted more things online. Mr. Rigas suggested everything be online and having an opt out for those students/parents who did not have computer access and to continue to look for ways to open up access to computers for families. Dr. Weninger noted that he would start to review publications, followed by a staff review in November.

When Ms. Patchak-Layman asked why the initiatives had not been placed in the traditional educational fund, she was informed that the expenses are in the Education

Fund and that the spreadsheet is simply a management tool to track the $1.5 million in phase-in funds.

Adjournment

The Finance Committee adjourned at 10:23 a.m.