A Finance Committee meeting was held on Tuesday, January 13, 2009. Chair John P. Rigas called the meeting to order at 7:39 a.m. in the Board Room. Committee members present were John C. Allen IV, Jacques A. Conway, 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; and Gail Kalmerton, Executive Assistant/Clerk of the Board.

Visitors included Kay Foran, Communications and Community Relations Coordinator; Joe Lightcap and Timothy Cole of Virchow Krause, Doug Wiley, OPRFHS Supervisor of Finance; Tim Keeley, OPRFHS Purchasing Coordinator; Micheline Piekarski, OPRFHS Food Service Director; James Paul Hunter, OPRFHS Faculty Senate Executive Committee Chair; Cindy Milojevic, OPRFHS Assistant Principal for Student Activities; John Stelzer, OPRFHS Athletic Director, Toni Hagins, Assistant Head Custodian for Buildings and Grounds, Tim McDonnell of Service Employees International Union (SEIU); and Amy McCormick, parent.

Acceptance of the Finance Committee Minutes of December 9, 2008
The minutes of the December Finance Committee meeting were accepted as presented.

Construction Update
Mr. Lanenga had reported that the three winter break projects had been completed. They were 1) the C-2 air handler, 2) the steam to hot water exchanger located under the Little Theatre, and 3) the replacement of 600 feet of water line. No discussion occurred.

Fiscal Year 2008 Audit Report
It was the consensus of the Finance Committee members to recommend that the Board of Education accept the audit report and financial statements at the January Board of Education meeting.

Mr. Cole presented the Comprehensive Annual Financial Report and provided an audit report and its findings to the Board of Education.

Ms. Witham, in her written material, reported:

“Once again, the District experienced very excellent results compared to budget and the audit results were positive. The FY 2008 budget was delayed due to the Township Treasurer issues. Future audits will be reported earlier in the year.
The auditors noted two items that they deem to be significant control deficiencies and one item that they deem to be a control deficiency."

1. General information technology controls. The CFO has the ability to access the entire Skyward financial system.

   Response: The software security design does permit access to the entire system for the individual that also assigns security. It is the administration’s belief that this access is more appropriately assigned to the CFO rather than a data processing staff member.

2. Segregation of Duties—AP cycle. The Purchasing Coordinator has access to the AP system.

   Response: Due to the size of the staff, it is necessary for the Purchasing Coordinator to process checks in the absence of the Accounts Payable clerk. The Supervisor of Finance and the Chief Financial Officer both review the check processing. Adding additional staff to strengthen the internal controls is cost prohibitive.

3. Segregation of Duties—cash receipts cycle. The Bookstore Manager has access to cash receipts and prepares the deposit.

   Response: Due to the size of the staff in the bookstore, it is necessary for the bookstore manager to run occasionally the cash register during busy times or when staff is absent. Adding additional staff in order to strengthen the internal controls is cost prohibitive.”

Mr. Cole affirmed the above and added that the District did a great job of managing its expenditures, as they were flat from last year. The revenue was flat due to the school district’s tax cap restrictions, which makes it difficult to grow revenue. While the fund balances are in good shape, the flattening of revenue does not bode well for the future; this is an issue for all school districts. Even measured to an absolute standard, OPRFHS is in good shape until 2018, while other school districts are hurting financially. OPRFHS has done a very good job of managing its finances.

He continued that the second report, Communications from Auditor to Management and the School Board, is new this school year due to the fact that greater emphasis has been placed on internal controls. The staff must document everything. Most schools have significant deficiencies, but OPRFHS did not; it only had to make some changes in its accounts payable. The Board of Education should be happy with this report because the school held the line on expenses. In 2007, the expenses were $59 million and the same in 2008. Page five of this report is where the disagreements with management and the auditor are generally listed; none were listed in this report, as there were no disagreements. Because Board of Education members and school districts by definition are not daily overseeing the oversight rule, this required report now gives them more information. The bar has been raised on the internal controls. The standard now used is called the Committee of Sponsoring Organizations of the Treadway Commission
(COSO), which is the “bible” for internal controls in the United States. Mr. Cole stated that OPRFHS was compared to a very high standard and attained a very positive report.

Ms. Patchak-Layman noting that Virchow Krause had done more of a procedural audit asked how much more would be done differently and how much would be similar. What metrics were used? What was the audit attempting to accomplish? In terms of procurement in paying bills in the Finance Department, how much matching up of procedures, purchase orders, payments, etc. was conducted? Mr. Cole responded that Virchow Krause looks at the system as to acquisitions and services, how it works, and the audit of the numbers. The weak point on procurement is if a person in a position to buy goods can also place the order. That person can then direct business to someone who might not provide the service nor does so at an inflated price. That is hard to detect.

Dr. Lee complimented Ms. Witham on this work. Ms. Witham also affirmed to the Committee that the numbers on pages 6, 7 and 11 should be millions, not thousands; she will correct those pages.

Mr. Rigas stated that he used to do what Mr. Cole does. There are different types of operations, some are well run and some not so well run. The report indicates that OPRFHS seems to be doing well operationally. The new standards say that OPRFHS is the only school district that Virchow Krause has seen that does not have any major deficiencies. This is a testament to what Ms. Witham has accomplished. Mr. Cole concurred and said the school should be very proud.

**Post Prom Update**

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the contract with ESPN Zone contract at its regular January 22 Board of Education meeting.

Ms. Milojevic noted that for many years, parents in the community have asked for a Post Prom event that would allow students to continue their Prom celebrations in a safe, supervised, and fun setting.

The goal for Post Prom is threefold:

1.) To provide a safe place for students to gather and celebrate after Prom;
2.) To provide something that is affordable for ALL students;
3.) To provide an offering that is FUN and appealing to students.

Last year was the first Post Prom event at ESPN Zone in downtown Chicago and approximately 210 students participated. A post prom fact sheet explaining the costs, location and particulars were provided.

Ms. Milojevic responded to a question as to how much this event would cost the District. Ms. Milojevic noted that Boosters, PTO, and others had provided funding and discounts were provided directly from ESPN. While it would normally cost approximately $40 per student, the ticket was only $15. The District pays only a nominal cost. If the number of
students were doubled, it would be to the District’s advantage. Twenty students, who did not go to prom, did go to this event.

NIIPC Commodity Foods and Selected Commercial Food Contract RFP
It was the consensus of the Finance Committee members to recommend that the Board of Education award the following at its regular January 22 Board of Education meeting.

<table>
<thead>
<tr>
<th>Product Group</th>
<th>Vendor</th>
<th>Product Group</th>
<th>Vendor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Juice</td>
<td>Citrus Systems</td>
<td>Turkey</td>
<td>Jennie O’ Products</td>
</tr>
<tr>
<td>Tomato</td>
<td>Red Gold</td>
<td>Peanut Butter</td>
<td>J.M. Smuckers</td>
</tr>
<tr>
<td>Flour</td>
<td>J &amp; J Snack</td>
<td>Non-Toasted Cheese</td>
<td>J.M. Smuckers</td>
</tr>
<tr>
<td>Grilled Cheese</td>
<td>Integrated</td>
<td>Instant Potatoes</td>
<td>J.R. Simplot</td>
</tr>
<tr>
<td>Cheese Sticks</td>
<td>Rich’s</td>
<td>Frozen Potatoes</td>
<td>J.R. Simplot</td>
</tr>
<tr>
<td>Stuffed Bread Sticks</td>
<td>Bosco</td>
<td>Chips</td>
<td>Barrel O’ Fun Snacks</td>
</tr>
<tr>
<td>Garlic Stuffed Bread</td>
<td>Cole’s</td>
<td>Eggs</td>
<td>Michael Foods</td>
</tr>
</tbody>
</table>

To award the following products individually to the following vendors: JTM will be awarded: Reduced Fat Macaroni and Cheese, Pork Taco, Beef Meatballs, Beef Patties, Chili Mix, Spaghetti Sauce Mix, Beef Taco Mix, Salisbury Steak and Beef Steak. Pierre will be awarded: Beef Rib Patties, Beef Crumbles, Beef Nuggets, Pork Patty (3.0 oz), Pork Patty (2.4 oz.), Pork Sausage Link, Pork Sausage Patty and Pork Chop Shaped Patty. King’s Delight will be awarded: Chicken Rings, Popcorn Chicken, and Grilled Chicken Patties. Tyson will be awarded: Spicy Chicken Patty, Spicy Chicken Tender, Chicken Patty Flowered Shape, Plain Chicken Patty, Chicken Nuggets, Plain Chicken Tender, Chicken Finger, Chicken Sticks, Chicken Breast Strip and 8 cut Breaded Chicken. Land O’Lakes will be awarded: Shredded Mozzarella Cheese, String Cheese, Individual Cheddar Cheese, Sliced American Cheese, Shredded American Cheese, Individual Cheddar Cheese Sauce Cups, Individual Nacho Cheese Sauce Cups, Cheese Sauce in a Pouch, Nacho Cheese Sauce in a Pouch and Macaroni and Cheese.

Ms. Piekarski is the Chair of Northern Illinois Independent Purchasing Cooperative (NIIPC), and OPRFHS is the administrative district. OPRFHS must approve the bid for the Commodity Foods and Selected Commercial Food Contract RFP. This contract incorporates all commodities sold to the NIIPC school districts. Specifications, annual usage, and guidelines for the RFP were formulated by the NIIPC RFP team. Ms. Piekarski explained that there was no competition in some of the items, because no other companies wanted to make the product.

In the written material, a detailed report of the bidding process was given.

Ms. Patchak-Layman asked what the nutritional value of the food was and how did it fit into the school’s intent to have nutritional food. OPRFHS uses the nutritional guidelines of NutriKids. While there is no requirement for commodities to meet a nutritional
standard, most products will meet the guidelines, e.g., pizza is made with whole grain bread. This may be a future discussion, however.

Fall Athletic Bid Uniforms
It was the consensus of the Finance Committee members to recommend to the Board of Education that it award the following at its regular January Board of Education meeting.

- The purchase the Boys Soccer warm-ups through the District purchasing process per Board of Education Policy 3310, Section D. At least two quotations will be solicited by the Purchasing Coordinator. The vendor that provides the specified product at the lowest cost to the District will be issued a purchase order once it is approved by the Chief Financial Officer.

Mr. Keeley’s report stated, “On December 16, 2008, bids were solicited for fall athletic uniforms. Items in this bid include Boys Soccer warm-ups, Girls Cross Country warm-ups, Girls Field Hockey jerseys and Girls Tennis shirts and skirts. Team uniforms are on a revolving 4-year replacement schedule that will allow OPRFHS athletes to have high quality competition wear while amortizing the expense of new uniforms over a reasonable period of time.

“In concert with the head coaches, the Athletic Director compiled a list of specifications for products to fulfill the needs of the fall sports listed above. Quality, functionality, and value of the products were all taken into consideration. Emphasis was placed on quality to ensure that the product purchased would meet the needs of the athletic program and be resilient enough to maintain functionality until the next replacement date.

“Responses to the solicitation were received from four vendors: Boathouse Sports, Riddell, Salkeld Sports, and Sunburst Sportswear. As noted in the attached bid analysis matrix, Riddell chose to “no bid” this product solicitation and Boathouse Sports were deemed an unqualified bidder due to an incomplete bid submission. Salkeld Sports and Sunburst Sportswear both submitted complete bids and were the two qualified bidders. Sunburst Sportswear provided pricing for products that did not meet the specifications, as determined by a review of the product samples by the Athletic Director and Purchasing Coordinator. The Boys Soccer warm-ups specifications called for a mesh liner and a ventilated back gusset, neither feature found on the sample. The Girls Cross Country warm-ups specification called for a mesh liner, which the sample did not have.”

Ms. Patchak-Layman asked how the District would purchase boys soccer warm ups, as the bidding did not produce the kinds of outfit or uniform desired. Mr. Keeley stated that for one item there was only one bidder that actually specified the items mentioned and sent a complete bid. The District decided to award the items, receive the competitive bids on the item, produce it at a competitive quote, and John Stelzer would approve it. Ms. Patchak-Layman asked if there were companies that produce that item. Mr. Keeley noted that the District could source from different companies, but it sometimes runs up
against different alliances with different companies and territories. When Ms. Patchak-Layman asked if a good price would be $58, Mr. Keeley responded that it was lower than thought and when the samples were received, they understood why.

**Second Semester FTE Request**

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the .2 FTE request as presented at its regular January Board of Education meeting under the Personnel Recommendations on the Consent Agenda.

The position was for one section in Physical Science I and Physical Science II. The rationale was for adding this FTE was because the recommended class size for these classes had been exceeded. The cost is approximately $5100.

**Resolution Authorizing the Preparation of an Amended Budget for FY 2008-09**

It was the consensus of the Finance Committee members to recommend that the Board of Education approve the resolution allowing the District to prepare an Amended Budget for the Board’s approval in April 2009 at its regular January Board of Education meeting.

**Resolution Authorizing the Preparation of a Tentative Budget for FY 2009-2010**

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the resolution authorizing the administration to prepare a Tentative Budget for the fiscal year 2010 at its regular January Board of Education meeting.

**Board of Education Financial Resolution**

Dr. Lee provided Draft 2 of the financial resolution prior to the meeting and submitted Draft 3 at the meeting. He reviewed the changes made to Draft 3.

Dr. Lee noted that he offered a resolution that would have the effect of, to the extent possible, preventing the District from having to go for a referendum in 2018, as an effort to recognize the tax burden of the homeowners. He noted that he had spoken individually with most of the Board of Education members.

He intended to offer a proposal at the regular Board of Education meeting and hoped to have the support of the Board of Education. He acknowledged that not all Board of Education members agreed with it in its entirety, but there was more general agreement with this than the first versions and he was willing to entertain other suggestions.

Finance Committee members were asked for their comments. Mr. Allen had no comments. Ms. Patchak-Layman asked how this resolution was different from what the District was already doing. Dr. Lee suggested that the District was setting a plan and congratulating itself on not having to ask taxpayers for a referendum until 2018. The fund balances projected now will be exhausted by the 2018 and the spending level will escalate. The District will be broke unless taxpayers are asked to raise taxes again. This resolution is designed to prevent that situation from occurring. If this resolution is passed, the District will either avoid or delay having to ask the taxpayers for a tax
increase. He personally believed, however the majority of the Board of Education did not, that the direction in which the District was headed is forcing a change in the demographics of the District itself, not through its actions, but through the actions of the other taxing bodies, i.e., to force out lower income families and bring in higher income families that can afford the tax burden.

Ms. Patchak-Layman commented that financial planning should reflect the current economic climate. This looks like a financial plan and, as such, it should relate to the changing times in the community and the nation. It will not be 2018 that will cause the change to the financial plan. While it is important to project out beyond 2018, she stated that the District should make more immediate changes and she suggested determining how to reduce the burden for the community now. When asked for specific suggestions to the proposed resolution, she was unable to make any because the direction of the proposal was projected to the future. She was unsure if the Board of Education should pass this resolution, as it seemed similar to the District’s current philosophy.

Mr. Conway supported the resolution as presented.

Mr. Rigas made three comments: 1) The District continues to work hard on its finances; 2) this plan, as proposed, is a fundamental shift in long-term goal of the District; and 3) a plan to cut taxes in the short term without consideration of the consequences, would be a disaster. He continued that earlier the auditors stated that OPRFHS might operate differently and better than other school districts. OPRFHS’s accounting department is better than 99 percent of the schools and government. In many respects, OPRFHS is ahead of the curve. In his conversations with Dr. Lee about what happens daily in finance, he spoke about the things that the District does to evaluate its expenses yearly. Mr. Rigas supported this resolution, as its shift is to develop a plan that will allow the District not to rely on a referendum in the 2018 timeframe, e.g., the Board of Education and the administration must explore ways to cut expenses and then make the changes, etc.

What will be necessary to get economic sustainability without relying on a referendum? While there are ways to explore how debt will be eliminated, the District must keep in mind those unknowns that might impact the budget, e.g., perhaps fewer children will go to private schools next year. This resolution is a significant change in what the District is currently doing; it says to explore a plan that will sustain the budget. While Ms. Patchak-Layman states that the taxpayers are in pain, the problem school districts face is because of tax caps; tax caps not allow the District to lay off 35 percent of its workforce until the revenue comes back. Should the levy amount be decreased, those funds are gone for life and that would have a prolonged impact on the long-term liability. The Board of Education cannot cut the Levy because taxpayers are in pain, as the law does not allow the District a way to “catch up.” To cut the Levy without a plan, again would be a disaster.

Dr. Lee noted that Dr. Millard would offer her comments on the resolution at the Instruction Committee meeting. She had raised, however, the same issue as Ms. Fisher. She questioned the Board of Education’s attempt to make a shift in policy direction by presenting a resolution, as this Board of Education is not accustomed to doing things by
resolution or by changing policy direction through resolutions like this. He wanted to talk about a subsidiary issue: if the Board of Education wants to change policy direction, how should it do that? That was his attempt and it was a legitimate question. He hoped to talk about this at the Policy Committee meeting. He knew there were disagreements on formats and styles, e.g., the Whereas, etc., but he found that a resolution works. He did welcome suggestions. He rejected dense paragraphs because people do not read them. He sees resolutions as a functional way of changing policy. Mr. Rigas affirmed that the words were what mattered and that there was agreement on the concept.

Dr. Lee thanked the Board of Education members for giving of their individual time to discuss this issue. Mr. Rigas thanked Dr. Lee for his work on this endeavor.

Referring to a conversation at the last two meetings regarding the planning cycle, Ms. Patchak-Layman was interested in the ability to introduce additional programs or activities for the next school year and asked if that would be part of the eighteen-month planning cycle as to when a dollar amount had to be set aside. Mr. Rigas stated that the Board of Education would have to decide on a dollar amount and then Ms. Witham would have to find the amount by not allocating it to something else. Ms. Witham added that she would not feel comfortable telling the District to remove a dollar amount from a program in order to have a contingency amount to spend on something in the future. Dr. Weninger suggested that the District make setting a contingency fund a part of its goal setting process for next year. Ms. Patchak-Layman stated that the Tentative Budget would be ready in June, so the Board of Education needs some ability to match dollars to goals. As such, she suggested matching the dollar amount with the current goals to get an idea of what should be in the account. Ms. Patchak-Layman concurred that the District needs to reallocate resources to achieve a goal. Mr. Rigas noted that if a goal were identified in June or July, it would then be a redeployment of existing assets, and saying one thing was more important than another one. It would be a swap of dollars and the budget could be amended to reflect that fact.

There was not a consensus of support for Ms. Patchak-Layman’s suggestion to add a contingency amount and reduce another part of the budget, although Dr. Lee noted that he would be in favor of that in a more developed and structured way over time, as he did believe in her goal.

Finance Committee members asked that this document be redlined and given to them for its discussion at the Instruction Committee meeting on Thursday, January 15, 2009, with the following changes:

Title, line 1: Replace “to Change” with “Concerning”
Title, line 2: Delete “Direction”
Para 3, line 4: Delete the word “is” after the word “so” and delete the word “to” after the word “would”
Para 4, line 1: Insert the word “anticipated” before the word “referendum”
Para 4, line 1: Replace the words “to continue the aforementioned” with the words “in order to sustain the”
Para 4, line 2: replace the words “that will be required in 2018 has a substantial likelihood of failing, and such a taxing level will not” with the words “may not”

Item 1, line 1: Replace “new” with “or this”

Item 4, line 4: Add “Urban” before the word “Consumer”

Item 4, line 1: Replace the word “its” with the wording “the District’s”

Add Item 5: “the Board of Education and the administration take an active role in seeking to change the funding mechanism in the State of Illinois with regard to public education.

Financial Reports
It was the consensus of the Finance Committee members to recommend to the Board of Education that it approves the November 2008 Financial Reports at its regular January 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 November 2008 Treasurer’s Reports at its regular January Board of Education meeting under the Consent Agenda.

Other
Ms. Patchak-Layman was informed that the District’s financial and human resources software would support tens of thousands of different line items. Ms. Patchak-Layman noted that the Village of Oak Park was considering outsourcing its payroll and she suggested that the Village and the high school enter into an intergovernmental agreement for the high school to handle the Village’s payroll. She thought it would be beneficial in running reports needed by the high school regarding TIFs, etc., as there would be similarity, and it would be more cost effective. She discovered that years ago the high school did do the Village’s payroll accounting. Dr. Lee felt the Village would be reluctant to give out its information. While Ms. Witham affirmed the software’s capacity, it was set up to do school accounting and she was unsure if it could do payroll for a village-type entity. Ms. Witham added that she meets monthly with the taxing bodies and she will explore this idea if the Board of Education felt it was a valuable effort. She continued that she has been trying to help relieve the Village’s burden with health care issues and that it had been difficult because of the Village’s lack of participation and interest. Mr. Rigas added that many businesses do payroll accounting and he did not know why the high school would get into that business.

Adjournment
The Finance Committee adjourned at 9:02 a.m.