Finance & Audit Committee of the Whole
Wednesday, December 13, 2006
12:00 p.m.
Board Room

Public Conference Call Access Number: 1-866-297-6391 (listen only)
Confirmation # 1 6 4 7 3 2 5 6

AGENDA

1. Public Participation

2. Discussion Items
   a. FY 2008 Budget discussion (Linda Mitchell & Ronny Wickenhauser) (p. 4)
   b. FY 2006 Capital Needs Assessment Survey Report (Deb Vespa) (p. 5)

3. Decision Items
   a. Minutes of the November Finance and Audit Committee Meeting (pp. 2-3)

4. Additional Items

5. Adjourn

NOTE: At the conclusion of any discussion item in which the committee is ready to make a decision, a
discussion item may be immediately moved for a decision.

* Items listed with an asterisk (*) will be discussed in committee and Board action may be taken in the plenary
session.
FINANCE & AUDIT COMMITTEE
November 15, 2006
Springfield, Illinois

Committee Members Present
Ed Geppert, Chair
Brenda Holmes
Andrea Brown
Dean Clark

Other Board Members
Chris Ward
Vinni Hall
Joyce Karon
David Fields

Staff Present
Randy Dunn
Linda Riley Mitchell
Ronny Wickenhauser
Deb Vespa

1. PUBLIC PARTICIPATION:
   No participation

2. DISCUSSION ITEMS
   A. FY08 Budget Update
      Linda Mitchell stated that ISBE is half way through the budget hearings and they would be
      completed by the December 2006 board meeting. ISBE is preparing schedules for the Annual
      Report and will present a draft at the next board meeting. Additionally, the Commission on
      Government Forecasting and Accountability will present a preliminary FY08 revenue forecast at
      the December 2006 board meeting.

   B. Update on Financial Oversight Panel and School Finance Authorities
      Deb Vespa stated that Winthrop Harbor passed their referendum. Divernon is continuing their
      discussions on reorganization. Deb Vespa also updated the committee on the status of Cairo,
      Hazel Crest, Round Lake and Venice. Cairo School District is still experiencing difficultly due to
      staffing issues with the administrative office, a decline EAV, and declining enrollment. The
      financial status for Hazel Crest has improved. They are now Financial Recognition. Round Lake’s
      financial status is improving as well and it is estimated that they will be Financial Recognition as
      well. However, they continue to face difficulties that accompany increasing enrollment. Venice
      School District continues to have difficulties. With a decreasing enrollment and EAV they have
      not been able to balance their budgets.

3. DECISION ITEMS
   A. Minutes of the October Finance and Audit Committee Meeting
      Motion to accept the October minutes approved.

   B. Update on Financial Plan of Harrisburg CUSD #3
      Deb Vespa announced that Harrisburg has a new Superintendent this year. He has been
      discussing budget options with the local school board. The Superintendent would like to present
      an amended plan to the State Board for approval. He has also received the approval of his board
      to attempt to issue working cash fund bonds that will help them in the future. Deb Vespa also
      discussed other options that the Superintendent is considering.

      Motion approved to recommend to the full board on November 16, 2006.
4. Additional Items
   Linda Mitchell stated that ISBE will be issuing a request for proposal on the entity system as part of the Data Warehouse effort.

   Ronny Wickenhauser announced that next month ISBE should have preliminary General State Aid estimates, but ISBE still does not have any data from Cook County.

5. Adjourn
TO: Finance and Audit Committee

FROM: Linda Riley Mitchell, Chief Financial Officer

Agenda Topic: Discussion Item – FY2008 Budget Discussion

Materials: Materials will be forthcoming

Staff Contact(s): Ronny Wickenhauser, Division Administrator, Budget and Financial Management

Purpose of Agenda Item
To discuss preliminary information on the FY2008 budget.

Relationship to/Implications for the State Board’s Strategic Plan
The agency’s budget supports many of the goals outlined in the State Board’s strategic plan.

Expected Outcome(s) of Agenda Item
N/A

Background Information
The State Board of Education must consider and recommend a budget each fiscal year to the Governor and General Assembly.

The Division of Budget and Financial Management is working on materials to present to the Board at its upcoming meeting. These materials and a revised memorandum will be forwarded to the Board as soon as they are available.

Analysis and Implications for Policy, Budget, Legislative Action and Communications
N/A

Pros and Cons of Various Actions
N/A

Superintendent’s Recommendation
N/A

Next Steps
N/A
TO: Finance and Audit Committee

FROM: Linda Riley-Mitchell, CFO

Agenda Topic: FY 2006 Capital Needs Assessment Survey Report to the General Assembly and Governor’s Office

Materials: Copy of FY 2005 Report

Staff Contact(s): Debbie Vespa

Purpose of Agenda Item
To inform the Committee of the results of the Capital Needs Assessment Survey the Illinois State Board of Education (ISBE) and the Capital Development Board (CDB) asked all school districts to complete so that the statutorily-required report can be submitted to the Governor and the General Assembly.

Relationship to/Implications for the State Board’s Strategic Plan
This report is statutorily required.

Expected Outcome(s) of Agenda Item
This is for informational purposes only. No outcomes are expected.

Background Information
Public Act 93-0489 requires the State Board of Education and the Capital Development Board to file a comprehensive assessment report of the capital needs of all school districts to the General Assembly before January 1, 2005 and every 2 years thereafter. On September 8, 2006 ISBE and CDB sent a letter to all school districts asking them to complete a Capital Needs Assessment Survey so that we could fulfill our statutory obligation of compiling the comprehensive report and submitting it by January 1, 2007. To date (December 4, 2006) we have received 449 surveys. For the previous report in January 2005, we received 690 surveys. Chicago School District 299 has expressed that they will be completing a survey, and we expect to receive their survey by December 5, 2006. As soon as Chicago has submitted their survey, we will forward a draft 2007 report.

Analysis and Implications for Policy, Budget, Legislative Action and Communications
Policy Implications: none
Budget Implications: none
Legislative Action: none

Superintendent’s Recommendation: No recommendations

Next Steps: Finalize and submit report
Public Act 93-0489 requires the State Board of Education and the Capital Development Board to file a comprehensive assessment report of the capital needs of all school districts to the General Assembly before January 1, 2005 and every 2 years thereafter. In an effort to compile this assessment needs report prior to the spring session of the 94th General Assembly, we requested that all school districts complete and submit a Capital Needs Assessment Survey. We are pleased with the response we received from both school districts and the Regional Offices of Education who assisted in gathering the data. This report not only shows the capital need, but also the magnitude throughout the state.

Overview

Responding elementary, secondary and unit school districts indicated the need for over $6.7 billion of general repair, building addition and school construction work within the next two years. This work is over and above the current work in progress. Significant findings of the survey include:

- Over $2.1 billion is needed to build 122 school buildings
- Overcrowding. There are 1036 temporary classrooms currently in use in the 690 districts who responded to this survey - an average of more than 1.5 per school district.
- Over $726 million is needed for 209 building additions to ease overcrowded schools.
- $3.8 billion is needed for overall general repair and remodeling projects in 2,182 school buildings
- Of the overall general repair and remodeling needs, $2.2 billion is needed for Health/Life Safety work in over 1,500 school buildings
- 110 school districts report they are either a candidate or are considering consolidation

February 2004
Work Needed
Currently, there is a projected need of $6.7 Billion for General Repairs, Building Additions and New School Construction. The charts below summarize the need of the 690 school districts that submitted surveys. The two smaller charts summarize the need by school type.

**General Repair/Renovation**

The estimated need for General Renovation and Repair work is graphically represented in the below bar chart. These needs are projected within the next two years, and are over and above the work currently in progress through 2004.

* More than one project per building is needed
** Refer to General Renovation and Repair bar chart for details

Figures represented in millions

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Finance & Audit Committee Packet - Page 7
Infrastructure Needs

The chart below summarizes regionally the overall infrastructure needs. The smaller charts summarize the regions by type of school.

Overview of Needs and Resources

The Illinois State Board of Education conducted the first "School Infrastructure Survey" in 1996. Of the 808 School Districts responding to the survey, the estimated need was $6.9 billion, an average School District cost of $8.5 million. A second survey was completed during the summer of 1999. Again, 808 School Districts responded, and reflected a need of $6.0 Billion, or an average of $7.4 million per School District. Our current survey results, with responses from 690 School Districts, the need presented by the districts is over $4.0 billion, and average of $5.7 million per School District. Chicago School District was excluded from these calculations but report a need of _______ for 1999 and _______ for 2004. The Chicago School District has received _____ in School Construction dollars.

Of the School Districts which did respond to the survey, 119 stated that their district would need to exceed their general obligation debt limit to finance the construction they need over the next two years. Enrollment growth was reported in 235 districts.

Temporary Units

Districts use temporary - modular or pre-manufactured - unit facilities to provide classrooms for their students when their school building's capacity is not sufficient to accommodate their student's enrollment. The pie chart to the right depicts the number of temporary units used for both Elementary (grades PK through 8) and High Schools.
### 2004 CAPITAL NEEDS ASSESSMENT SURVEY - RESULTS

<table>
<thead>
<tr>
<th>General Repair/Remodeling/Renovation:</th>
<th>PK - 8</th>
<th>High School</th>
<th>District Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Technological Upgrading</td>
<td>1,395</td>
<td>342</td>
<td>1,737</td>
</tr>
<tr>
<td>2. General Repair / Remodeling</td>
<td>1,769</td>
<td>413</td>
<td>2,182</td>
</tr>
<tr>
<td>3. HLS - Structural repairs(walls, foundations, etc.)</td>
<td>752</td>
<td>218</td>
<td>970</td>
</tr>
<tr>
<td>4. HLS - Roof repairs or replacements</td>
<td>764</td>
<td>263</td>
<td>1,027</td>
</tr>
<tr>
<td>5. HLS - Heating/ventilation/air conditioning</td>
<td>1,227</td>
<td>295</td>
<td>1,522</td>
</tr>
<tr>
<td>6. HLS - Electrical systems other than alarms</td>
<td>1,009</td>
<td>242</td>
<td>1,251</td>
</tr>
<tr>
<td>7. HLS - Plumbing systems</td>
<td>982</td>
<td>255</td>
<td>1,237</td>
</tr>
<tr>
<td>8. HLS - Egress systems (doors, stairs, etc.)</td>
<td>808</td>
<td>236</td>
<td>1,044</td>
</tr>
<tr>
<td>9. HLS - Fire protection (detectors, alarms, etc.)</td>
<td>869</td>
<td>217</td>
<td>1,086</td>
</tr>
<tr>
<td>10. Asbestos abatement</td>
<td>837</td>
<td>240</td>
<td>1,077</td>
</tr>
<tr>
<td>11. School security measures</td>
<td>1,183</td>
<td>273</td>
<td>1,456</td>
</tr>
<tr>
<td>12. Energy conservation</td>
<td>638</td>
<td>175</td>
<td>73</td>
</tr>
<tr>
<td>13. Repair of sidewalks, playgrounds, etc.</td>
<td>1,450</td>
<td>306</td>
<td>1,756</td>
</tr>
<tr>
<td>14. Accessibility Measures</td>
<td>402</td>
<td>162</td>
<td>564</td>
</tr>
</tbody>
</table>

**Subtotal General Repair/Remodeling/Renovation:** 14,085

<table>
<thead>
<tr>
<th>Type of Work In Progress</th>
<th>PK - 8</th>
<th>High School</th>
<th>District Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Repair/Remodeling/Renovation:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Technological Upgrading</td>
<td>674</td>
<td>147</td>
<td>821</td>
</tr>
<tr>
<td>2. General Repair / Remodeling</td>
<td>863</td>
<td>221</td>
<td>1084</td>
</tr>
<tr>
<td>3. HLS - Structural repairs(walls, foundations, etc.)</td>
<td>360</td>
<td>113</td>
<td>473</td>
</tr>
<tr>
<td>4. HLS - Roof repairs or replacements</td>
<td>244</td>
<td>85</td>
<td>329</td>
</tr>
<tr>
<td>5. HLS - Heating/ventilation/air conditioning</td>
<td>377</td>
<td>90</td>
<td>467</td>
</tr>
<tr>
<td>6. HLS - Electrical systems other than alarms</td>
<td>515</td>
<td>129</td>
<td>644</td>
</tr>
<tr>
<td>7. HLS - Plumbing systems</td>
<td>351</td>
<td>90</td>
<td>441</td>
</tr>
<tr>
<td>8. HLS - Egress systems (doors, stairs, etc.)</td>
<td>266</td>
<td>66</td>
<td>332</td>
</tr>
<tr>
<td>9. HLS - Fire protection (detectors, alarms, etc.)</td>
<td>392</td>
<td>113</td>
<td>505</td>
</tr>
<tr>
<td>10. Asbestos abatement</td>
<td>343</td>
<td>105</td>
<td>448</td>
</tr>
<tr>
<td>11. School security measures</td>
<td>238</td>
<td>74</td>
<td>312</td>
</tr>
<tr>
<td>12. Energy conservation</td>
<td>170</td>
<td>73</td>
<td>243</td>
</tr>
<tr>
<td>13. Repair of sidewalks, playgrounds, etc.</td>
<td>491</td>
<td>94</td>
<td>585</td>
</tr>
<tr>
<td>14. Accessibility Measures</td>
<td>158</td>
<td>60</td>
<td>218</td>
</tr>
</tbody>
</table>

**Subtotal General Repair/Remodeling/Renovation:** 5442

<table>
<thead>
<tr>
<th>Type of Work In Progress</th>
<th>PK - 8</th>
<th>High School</th>
<th>District Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>New School Construction</td>
<td>71</td>
<td>32</td>
<td>103</td>
</tr>
<tr>
<td>Building Additions</td>
<td>107</td>
<td>45</td>
<td>152</td>
</tr>
<tr>
<td><strong>Total Work in Progress</strong></td>
<td>5620</td>
<td>1537</td>
<td>7157</td>
</tr>
</tbody>
</table>

### VI. Consolidation: Is this district a candidate or considering consolidation?

<table>
<thead>
<tr>
<th>PK - 8</th>
<th>High School</th>
<th>District Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

### VII. Bonding power: Will this district need to exceed it's general obligation debt limit to finance the construction projected for the next 2 years?

<table>
<thead>
<tr>
<th>PK - 8</th>
<th>High School</th>
<th>District Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

### Impact:

**New School Construction**

- **1. Technological Upgrading**
- **2. General Repair / Remodeling**
- **3. HLS - Structural repairs(walls, foundations, etc.)**
- **4. HLS - Roof repairs or replacements**
- **5. HLS - Heating/ventilation/air conditioning**
- **6. HLS - Electrical systems other than alarms**
- **7. HLS - Plumbing systems**
- **8. HLS - Egress systems (doors, stairs, etc.)**
- **9. HLS - Fire protection (detectors, alarms, etc.)**
- **10. Asbestos abatement**
- **11. School security measures**
- **12. Energy conservation**
- **13. Repair of sidewalks, playgrounds, etc.**
- **14. Accessibility Measures**

**Subtotal General Repair/Remodeling/Renovation:** 14,085

**Building Additions**

- **New School Construction**
- **Building Additions**

**Total Work Needed:** 14,085

**Impact:** Provide the total estimated increase or decrease of the financial impact the capital expansion and renovation/remodeling work will have on the district's Operations & Maintenance and Educational Fund Budgets, such as additional staff, including teaching positions, utilities, reduced maintenance on equipment or the reduced maintenance due to replacement or demolition of antiquated facilities.

### III. Temporaries: Indicate the number of temporary classrooms used at each level to house some or all of its students, in the space provided.

- **Elementary Classrooms:** 863
- **High School Classrooms:** 173

### IV. Enrollment & EAV Trends: Place an "X" in the box which represents the last 2 years enrollment and EAV trend for each of the following key areas.

- **a. Enrollment**
  - Sharp Decline 5% or more: 46
  - Small Decline 2% - 4.9%: 182
  - Stable: 214
  - Small Growth 2% - 4.9%: 162
  - Sharp Growth 5% or More: 73

- **b. EAV**
  - Sharp Decline 5% or more: 39
  - Small Decline 2% - 4.9%: 88
  - Stable: 102
  - Small Growth 2% - 4.9%: 254
  - Sharp Growth 5% or More: 184

### V. Work in Progress:

For the types of work listed below, enter the number of buildings for which work is currently in progress. Place your numbers in the columns representing the number of buildings and estimated cost for that type of work for both elem...