

**FINANCIAL OVERSIGHT PANEL  
FOR PROVISO TOWNSHIP HIGH SCHOOL DISTRICT 209**

**MINUTES OF MEETING**

**Special Meeting**

**Baker Tilly Virchow Krause, LLP Offices  
1301 West 22<sup>nd</sup> Street, Suite 400  
Oak Brook, Illinois**

**Friday, January 13, 2012  
10:00 AM**

**CALL TO ORDER**

Chairman James Popernik called the meeting to order at 10:05 a.m.

**ROLL CALL**

**Present:**

Dr. James Popernik, Chairman  
Dr. Craig Schilling, Member  
Ms. Merilee McCracken, Member

**Also present:**

Ms. Linda Mitchell, Illinois State Board of Education  
Ms. Renee Vilatte, Illinois State Board of Education  
Ms. Deb Vespa, Illinois State Board of Education (by phone)  
Ms. Kenya Austin, Illinois State Board of Education  
Mr. Jim White, Baker Tilly Virchow Krause, LLP  
Mr. Tim Cole, Baker Tilly Virchow Krause, LLP (by phone)  
Ms. Tequoya Kennedy – PT 209 Director of Communications  
Mr. Ron Anderson – PMSA Project Manager  
Mr. Kevin McDermott – PT 209 Board Member

**PUBLIC COMMENTS**

Dr. Popernik noted that it is another example of District waste to have Ron Anderson videotaping the meeting.

## **NEW BUSINESS**

No action necessary - Discussion items only.

### **Discussion of School Code, School District Financial Oversight Panel**

Dr. Popernik asked Ms. Vilatte about the new law related to financial oversight panels. Ms. Vilatte stated that he was referring to the new article in the school code – 1H, which states that any panels established from this point forward would be under this code.

There would be a five member panel and have broader authority including:

- Spelling out that the FOP can hire the Superintendent, CEO, CFO, CSBO
- Gives the FOP the authority to sit with the board and the unions in negotiations
- Gives the FOP the ability to get TAW's if the District could not get it on their own after trying three different sources.

Dr. Popernik asked if this FOP could be under the new law. Ms. Vilatte stated it could be done. Ms. Vespa stated it could be done if the FOP panel petitioned the state board and the state board approved it.

Dr. Popernik asked if all of the original powers in 1B stayed. Ms. Vespa stated that while 1H supersedes 1B, it retains all the previous powers.

Dr. Popernik stated under 5-1B section 22 h there should be a management audit of the board. Ms. Vespa stated that because this was a voluntary board, it is not pertinent.

Dr. Popernik stated under 5-1B section 22 d there is a reference to the inspector general services. He asked if those have ever been done in a FOP. Ms. Vespa stated no, but fraud audits were done.

Dr. Popernik asked if 5-1H dissolved school finance authorities, and Ms. Vespa stated yes.

Dr. Popernik asked if a school district is in this situation, is this strictly financial, or are there educational concerns or other matters that the FOP should be considering. Ms. Vilatte answered that the whole point is to bring financial stability to educate the children. Ms. Vespa stated the FOP needs to be cognizant of the education of the children and it is an important aspect, but it is normally the school district that brings the educational part forward. Ms. Vilatte then read through the existing code (1B) and stated exactly what the powers of the FOP are.

Dr. Schilling asked if the District should show its progress against its plan from three years ago. Ms. Vespa stated the business office is working on this and that a new three year plan along with the staffing plan/inventory will be developed. Ms. Vilatte asked if it has been revised and Ms. Vespa stated it is and that is normal.

The role of the Financial Administrator was also discussed including the implementation of the new chart of accounts. Also discussed was the requirement of the local board to provide preliminary staffing and budgetary analysis by February 1<sup>st</sup>. Dr. Schilling stated that he would expect to see this at the next board meeting. Discussion was also made about the budget.

Mr. McDermott, stated that at the last board meeting all committees were suspended until further notice. Ms. Mitchell noted that now this has occurred that the FOP may need to take a larger role in financial matters.

Dr. Schilling asked about mandated transportation grants and if District would lose it. Ms. Mitchell thought that they won't likely cut that.

Discussion of powers of hiring under ILCS 5/1B-7.5 then took place.

### **Status of District 209 Financial Plan**

Dr. Schilling reviewed his thoughts on the financial plan and noted that the current one does not give all stakeholders with a realistic picture of where the district is going. He noted three issues:

1. It does not address the long-term capital needs of the district
2. It does not address the deficit spending in the O&M and Transportation Funds
3. It does not address the numerous loans from Working Cash and Education to the other funds.

Dr. Schilling suggested that to fix these issues, the plan should include:

1. Long-term capital needs and how they will be funded
2. Include no deficits except the Educational Fund, which may include adjusting the levy
3. All negative fund balances are eliminated

He also noted that the following needs to be added:

1. Mandatory compliance with IPAM
2. A position control report for this year and a list of who is going to be hired for next year so that it could be better monitored by the FOP.
3. Tentative staffing for FY 2012-13 by February 1<sup>st</sup>.

Dr. Popernik also noted that he has a problem with the plan as it exists because he can't see the administrative detail behind it. His other comment was that any long-term capital needs need to be discussed in conjunction with financing options including the hiring of a financial consultant. He suggested that the Financial Administrator help review whether there is room under the debt service extension base to either refinance or issue new debt that could be issued for capital needs.

Dr. Schilling requested for the next FOP meeting that the Financial Administrator request a budget to actual report out of DCR.

Dr. Popernik asked if we want to share the document Dr. Schilling prepared on the financial plan. Dr. Schilling suggested that all changes be consolidated and put together in a final draft that could then be distributed to the District. Dr. Schilling also stated he wants a deadline of March 1<sup>st</sup> for the approval of the financial plan, and that will be included in this document.

## **EXECUTIVE SESSION**

A motion was made to enter Executive Session, in accordance with 5 ILCS 120/2(c) (1) for the purpose of Personnel, 5 ILCS 120/2(c) (2) collective bargaining, and 5 ILCS 120/2(c) (11) Litigation by Dr. Schilling and seconded by Ms. McCracken at 11:37 a.m.

All voted in favor to approve, no nays

Moved by Dr. Schilling and seconded by Ms. McCracken to reconvene the public portion of the meeting at 12:33 p.m.

All voted in favor to approve, no nays

## **ADJOURNMENT**

Dr. Schilling moved and seconded by Ms. McCracken at 12:34 p.m.

All voted in favor to approve, no nays