

**School District U-46**  
Elgin, Illinois  
November 6, 2017

The Finance Committee of the Board of Education met at 4:00 p.m. in Room 140 of the Educational Services Center, 355 East Chicago Street, Elgin, Illinois, to review the Fiscal Year 2017 Audit. In attendance were Board members Phil Costello, Sue Kerr and Melissa Owens. Also in attendance were Tony Sanders, Chief Executive Officer, Steve Burger, Assistant Superintendent of Elementary Schools Instruction and Equity, Dale Burnidge, Director of Financial Operations, Mily Cruz, Information Services, Sarah Darnell, Supervisor RSM US LLP, John George, Partner RSM US LLP, Dr. Suzanne Johnson, Assistant Superintendent Teaching and Learning, Dr. Jeff King, Chief Operations Officer/Chief School Business Official, Thomas Lyons, Financial Coordinator, Dr. Ushma Shah, Assistant Superintendent of Elementary Schools Instruction and Equity.

1. Open Meeting and Introduction

Ms. Kerr opened the meeting and everyone present stated their name and title.

2. Presentation and Discussion of the Fiscal Year 2017 Audit

Mr. Burnidge began the presentation by going through the Fiscal Year 2017 Annual Financial Report – Northern Kane Regional CTE. Mr. Burnidge noted that this budget operates on a cash basis. He also noted that the ending balance is down from last year partly due to the fact that the state owes the District \$780,000.00.

Ms. Kerr asked how much funding comes from the state. Mr. Burnidge responded that \$1.7 million is budgeted as coming from the state and the District only received \$353,000 from the state leaving a deficit of roughly \$780,000. Ms. Owens asked if the state has a plan to catch up on that. Mr. Burnidge replied the state has made some of the payments, in October the third quarter payment was received. There are still a few outstanding payments that total roughly \$353,000.

Mr. George explained that he will be going through the Fiscal Year 2017 Audit and respond to any questions. He also gave a brief timeline of preparing the audit, which started in August and went through October. He noted that everyone at U-46 was extremely communicative and provided all necessary documentation in a timely manner.

Mr. George pointed out that the on-behalf payments to the Teacher Retirement System (TRS) rose \$50 million this year. Ms. Kerr asked if this was because there were so many retirees. Mr. George replied that it does not have anything to do with the amount of retirees, but rather with the way TRS is calculating contributions. Mr. George noted that an increase has been seen by all school districts across the state. Ms. Kerr asked Mr. Burnidge if the on-behalf payments are shown in the monthly statements. Mr. Burnidge stated that the on-behalf payments are not shown in the monthly statements as they would skew the numbers greatly. Mr. Sanders pointed out that on-behalf payments used to be shown on the statements, but it caused people to think that the budget was

increased.

Ms. Kerr noted the state on-behalf payments are listed as revenue and asked if it is broken up in various places on the expenses side. Mr. George replied that it is primarily in instruction but broken up between regular and special programs.

Mr. Costello asked Mr. George to explain the increase in net pension liability for TRS. Mr. George responded that TRS allocates liability based on the cash contributions of the District. TRS will take the cash contributions across all districts and prorate the liability, so as the cash contributions increase so does the liability. Next year the contributions will most likely drop. If the contributions remains steady, there will be a fluctuation in the contribution amount. Mr. Burnidge stated they have also reduced the rate being used to calculate the benefit.

Ms. Kerr asked how the TRS contribution relates to the on-behalf contributions. Mr. George responded that the TRS contribution is information used to come up with the on-behalf contributions, but they are not dependent on one another.

Mr. Costello asked if comparables can be included in the audit in the future. Mr. Lyons said yes that can be included next year. It would be slightly more time to do so, but definitely doable.

Mr. George presented the Report to the Board of Education.

Mr. George presented the Single Audit Report.

Mr. Sanders noted that per capita tuition cost went down this year as a result of the daily attendance rate.

Mr. Costello asked why the District acreage went up. Mr. Sanders said it was a result of the purchase of the commissary property.

Mr. George noted that when he presents to the full Board of Education he will just be giving the highlights of the audit and not providing as much detail as he gave during this presentation.

Ms. Kerr had a question about page 51 of the audit. She noted that it states the GASBs listed have been issued, but not adopted, does this mean they will go into effect next year. Mr. George said yes, next year there will be a requirement that requires the District to rerecord on the balance sheet the accrued liability of postemployment benefits.

Mr. Sanders thanked the team for all their hard work in preparing this information.

### 3. Public Participation

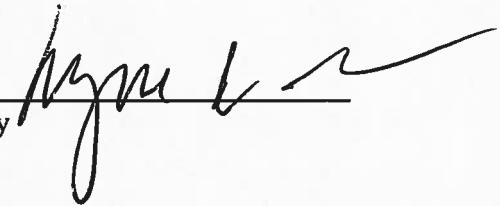
There were no public comments.

4. Adjournment

Ms. Kerr adjourned the meeting.

Approved this 18<sup>th</sup> day of December 2017.

  
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President

Secretary   
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