

Barrington Community Unit School District 220
Finance Committee
Thursday, November 17, 2011
Administration Office

Committee Members Present

Sandra Bradford, Board of Education
Richard Burkhart, Board of Education

Guests Present

Brian Battle, President, Board of Education
Tom Beerheide, Director of Fiscal Services
Mary Dudek, Asst. Supt. for Human Resources
Gary Frisch, Chief Financial Officer
Diane Klimowicz, Intern
Tom Leonard, Superintendent of Schools
Joe Lightcap, Baker Tilly
John Rossi, Baker Tilly

Sandra Bradford called the meeting to order at 7:38 a.m.

Public Comment

The opportunity for any individual to make a public comment was presented. The following person spoke:

Bob Webb, President of BETA, addressed the committee stating that he has questions regarding the 2010-11 audit and will submit those questions to Gary Frisch.

Approval of Minutes

The Finance Committee members approved the minutes from the October 11, 2011 Finance Committee meeting.

Review 2010-11 Audit of Financial Statements

Gary gave a big picture review of the audit. Operating revenues were over budget by \$2.9 million; operating expenses were under budget by \$446,154; net balance was a positive \$3.5 million. Gary reviewed the Statement of Net Assets as well.

John Rossi and Joe Lightcap, District auditors, reviewed the audit in detail. GASB 54 defines what you can report as a fund and what you can report as fund balances. Funds have to have a specific purpose.

The Finance Committee expressed an interest in recording the transportation overpayment of \$759,756 as an expense in the 10-11 year. This then would offset the insurance claim of \$984,813 which was recorded in 10-11. The auditors agreed to record the transportation overpayment in 2010-11. This will be an action item at the December 6, 2011 Board meeting.

Gary mentioned that we made some adjustments in payroll with new standard operating procedures in place to improve processing the payroll by adding additional control and balance steps.

Joe Lightcap reviewed the Management Letter with the committee and noted the District has made commendable strides to prepare work papers for the annual audit.

Duplicate Payments

Richard Burkhart inquired about an overpayment of three \$75,000 checks. He had overheard a conversation in a coffee shop. We had responded of no knowledge of this.

Closed Session

Sandra Bradford moved and Richard Burkhart seconded a motion that the Board move into Closed Session for the purposes of discussing employment matters, performance of a specific employee, collective negotiating matters, legal matters, security procedures, student disciplinary matters, Board self-evaluation, and the purchase, lease, or sale price of real property.

The motion was carried by voice vote.

The Board moved into Closed Session at 9:20 a.m.

The Board moved back into Open Session at 10:00 a.m.

Duplicate Payments Continued

During the break in the open session, Gary asked the Business Office staff if they had any knowledge of a duplicate payment of approximately \$75,000 in the spring of the previous fiscal year; the only overpayment found was a duplicate payment to Pepper Construction in the amount of \$343,762.80 which was voided and the check was returned not cashed. This was explained when the committee reconvened.

These are the procedural steps that the Business Office follows to catch an overpayment:

- 1) On all subsequent construction payment requests the vendor certifies the payments that were previously received.
- 2) Construction accounting reports are prepared comparing the actual cost to budget.
- 3) A full list of invoices by vendor are printed and identical amounts are reviewed.
- 4) Monthly operating expense budgets to actual reports are reviewed for any excess costs above the budget.
- 5) System prevents invoices that are entered twice. Unfortunately a special character was included on the Pepper Construction Request. The system is not designed to identify special characters in the invoice number then causing the duplicate payment. The Business Office no longer uses special characters when entering invoice numbers so duplicates will be prevented.
- 6) The Capital Projects Fund is reconciled and compared to expected balance.

Parameters Resolution to Purchase Electricity

The administration would like the Board to pass a parameter resolution. Our current price is 6 cents. We are asking to purchase electricity below 6 cents. This would give the District representatives the authority to act on pricing below 6 cents not to exceed 18 months. Dick suggested contacting Bob Abboud of Barrington Hills and Regis Moore of Conscious Innovations for electrical pricing.

The District will take the parameters resolution to the Board of Education on December 6, 2011.

Apple Computer Lease – BHS Digital Arts Lab

The Finance Committee recommended the Apple computer lease be included on the next Board agenda for approval.

The next Finance Committee meeting is December 8, 2011 at 6:00 p.m.

The meeting was adjourned at 10:12 a.m.