

Finance Committee

Year End Report May 2011

**Approved CAC Executive Committee – April 28, 2011
Approved CAC General – May 12, 2011
Presented to the U-46 Board of Education – July 18, 2011**

Committee Members

Dan Blake – Co Chair - Hawk Hollow Elementary School
Rick Drogosz – Willard Elementary School
Karen Hartman – Co Chair – South Elgin High School

Administration Liaisons

Dale Burnidge - Director of Financial Operations
Jeff King - Chief Operations Officer
Tony Sanders - Chief Communications Officer

Acknowledgements

The committee would like to thank their administrative liaisons for candidness in providing financial data and engaging in conversation about school finance in Illinois. The Finance Committee monthly meetings are open meetings where the public has direct access to ask district representatives questions about U-46 finances. At every meeting administration liaisons provide a financial update. While the CAC Finance Committee does not make any financial decisions, the meetings are an opportunity for the community to provide feedback to decision makers. The Board of Education and Administration's commitment to financial transparency in U-46 allows the community to be aware of the revenue and expense concerns that directly affect the learning opportunities for students in the district.

Objective

This year the Finance Committee's intention was to help the district do a better job communicating financial information to the community. The current financial reports are complete and accurate from a financial perspective, but are difficult for the general public to understand. The committee would also like to help the community better understand how school finance works in Illinois by updating the "Understanding U-46 Finances" document and hosting an informative meeting on school finance.

Committee Work

The first step the committee took to help the district communicate its financial status in an easier to understand format was to solicit input from CAC members. The following questionnaire was distributed to CAC members in October 2010.

*CAC Finance Committee
District Financial Status Questionnaire*

Do you find the U-46 financial status reports easy to understand? If not or even if you do, the CAC Finance Committee needs your assistance. We are working with the District to provide an easier to understand version of the monthly financial status.

Help us out by submitting questions you would like the new financial report to answer. For example: How much money is the state behind in paying U-46? Is the district spending more funds than they have?

Questionnaires will be collected at the CAC General Meeting on November 4, 2010 or you can email your questions to u46cacfinance@gmail.com.

Responses from the questionnaire were as follows.

Summary of District Financial Status Questionnaire

- 1. Can it (the district's financial status) be made transparent to us?*
- 2. Educate us, in plain speak, about what we have, what we spend on and define terms as to what this means.*
- 3. Where does the school district get its money from?*
- 4. How much money comes in each month?*
- 5. How much money goes out each month?*
- 6. How do we collect the money the state owes U-46?*
- 7. What is the plan if the state continues to not pay its bills to the schools?*
- 8. What financial status reports? Are the reports on line?*
- 9. Put the information into user friendly, logical groups. (i.e. – revenues where our money comes from with pie charts and expenditures where our money goes with pie charts.)*
- 10. Are monthly numbers on target against budget actual?*
- 11. Where are the monthly status reports?*
- 12. Where do we owe the \$40 million? Is it in one place or several places? To whom is it owed and when do we pay it?*
- 13. How does U-46 get money?*

In addition to the information gathered from the questionnaire, committee members also investigated how other school districts present financial information to the public. From this research, the content and format for the financial status report was developed. The committee decided that the report should be produced on a quarterly basis rather than every month. Since the district's fiscal year runs from July 1st to June 30th, the status report would be produced September 30th, December 31st, March 31st and June 30th. An example of the U-46 Quarterly Financial Status Report format developed by the committee can be found in Appendix A. It is the committee's intention to give this report to U-46 administrators and have them update and publicize it four times a year.

It should be noted here that the financial status of the district at any given time can raise questions that the summary report does not nor is intended to address. Further financial information can be found on the U-46 web site under the District Information tab, Financial section and also under the School Board and Community tab, Board Meeting Packet section, Meetings tab, Business Session Agenda listed by meeting dates. In the future, the committee may want to consider developing a second page of the report to address questions the financial status report might raise.

Unfortunately, the committee was not able to complete all of the objectives set for the year. The intent was to develop the "Understanding U-46 Finances" document in a question and answer format based on the questionnaire responses submitted by CAC members. The school finance meeting also would have been designed to answer the questions CAC members asked about U-46 finances.

Recommendations

Produce the U-46 Quarterly Financial Status Report or a similar type of report every fiscal quarter. Distribute the report with the other financial reports in the Board Documents. Post the report on the U-46 web site under the financial section.

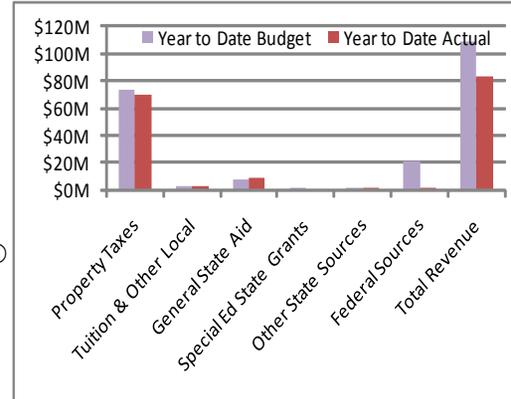
Continue to work on ways to better communicate financial information to the public to foster constructive dialog between the community and the district.

U-46 Quarterly Financial Status Report

Revenue	Year to Date		Variance
	Actual	Budget	
Property Taxes	\$ 69,478,473	\$ 73,686,583	-\$4,208,110 →
Tuition & Other Local	2,357,597	2,880,676	-523,079 ↓
General State Aid	8,984,720	8,157,855	826,865 ↑
Special Ed State Grants		1,328,079	-1,328,079 ↓
Other State Sources	1,066,263	1,201,041	-134,778 ↓
Federal Sources	871,374	21,065,081	-20,193,707 ↓
Total Revenue	\$ 82,758,427	\$ 108,319,315	-25,560,888 ↓

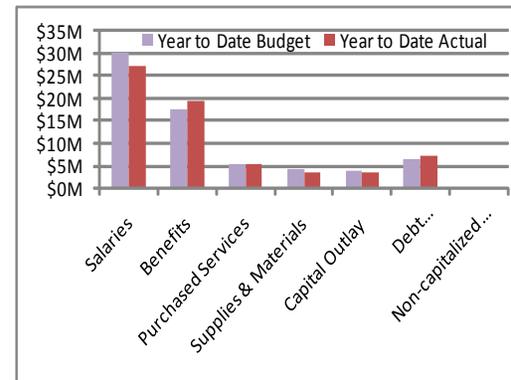
Revenue Variance
 over ↑
 under by < 10% →
 under by > 10% ↓

Period Ending Sept 30, 2010



Expenses	Year to Date		Variance
	Actual	Budget	
Salaries	\$ 27,059,294	\$ 30,141,774	-\$3,082,480 ↑
Benefits	19,491,920	17,735,630	1,756,290 →
Purchased Services	5,374,283	5,392,469	-18,186 ↑
Supplies & Materials	3,677,691	4,359,148	-681,457 ↑
Capital Outlay	3,669,847	3,897,556	-227,709 ↑
Debt Payments/Transfers/Tuition	7,373,646	6,460,446	913,200 ↓
Non-capitalized Equipment	28,899	35,855	-6,956 ↑
Total Expenses	\$ 66,675,580	\$ 68,022,878	-1,347,298 ↑

Expense Variance
 under ↑
 over by < 10% →
 over by > 10% ↓



Total Surplus (Deficit)	
Previous Balance	-\$42,477,580
Excess (Deficit) this period	\$16,082,847
Other Financing Activity	\$0
Balance as of Sept 30, 2010	-\$26,394,733

① This is an explanation example