



Oswego Community Unit School District 308

SERVING ALL OR PARTS OF THE COMMUNITIES OF
AURORA, JOLIET, MONTGOMERY, OSWEGO, PLAINFIELD AND YORKVILLE

Finance and Facilities Advisory Committee Minutes

District Administration Center

4175 Route 71, Oswego

(Enter through door #2)

Room# 61

Tuesday, January 31, 2023

6:00 p.m. – 7:30 p.m.

I. Roll call

The sign in sheet was used in place of an official roll call. Meeting called to order at 5:58 pm.

Members in Attendance: Amanda Sitar, William Queen, Dr. John Petzke Chief Financial Officer/CSBO, Eugene Gatewood Board Member Co-Chair

Members Absent, Lauri Doyle-Board Member Co-Chair

Guests: Marcus Lewis, Kevin Johnson (arrived at 6:15 pm)

Recording Secretary: Terry Gotchie

II. Approval of Minutes from Finance and Facilities meeting on June 28, 2022

A motion was made by Mr. Eugene Gatewood, second by Mr. William Queen, to approve the Finance and Facility minutes from June 28, 2022. All members in attendance were in favor.

III. FY 23 Adopted Budget

Per Dr. Petzke, since the Board of Education (BOE) has reviewed the [FY23 Adopted Budget](#), I would like to explain how we account for the budget. Amanda Sitar and I have been meeting with building principals on their budgets for next year which also includes a review of budget from this year. Looking at page 8, revenue by source (local, federal and state) and funds, you will see that we get about \$231 million in revenue. On page 9, you will see expenditures by fund. The education fund is the largest due to salaries and benefits. Another highlight was the breakdown by object code. The (500 Object) Capitalized Expenses is for \$5000 or more. The (700 Object) Non-Capital purchases is more than \$500 but less than \$4999. If something is \$499 or less, it's a Supply (400 Object). Eugene Gatewood asked, what is the normal or standard for Capitalized Expenses and Non-Capitalized Expenditures for a district our size? Dr. Petzke stated, we follow General

Accepted Accounting Principles (GAAP) that all districts use. Eugene Gatewood asked if we have opportunities to save and allocate to Capital Expenses for object codes of 400, 500 and 700? He is concerned that there is not enough money in the Capitalized Expenses for Operations and Maintenance to put toward unexpected equipment failure. Dr. Petzke explained that Capitalized Expenses are planned and budgeted for. Operations and Maintenance doesn't just utilize Capital Expenses but also Purchased Service and Supplies. Eugene Gatewood would still like to see what efficiencies can we utilize in the 2 cost centers 400 & 700 from a Capitalized point of view, because our buildings are not getting any younger. Marcus Lewis asked if we are anticipating state surplus funds. Dr. Petzke stated that in 2004 the state promised that if we spend money on new buildings, that they would reimburse us a certain % of that. Last fall the state appropriated the funds and now have to budget them. If the state follows through, we will have 49 million for our district to utilize.

Dr. Petzke presented the [YTD Revenue/ Expense for period 12/01/22 to 12/31/22](#) financial report that he gives to the BOE every month. Eugene Gatewood stated that it's not a bad thing to underestimate the interest in the Debt Services Fund. He wanted to know how Dr. Petzke budgeted the interest rate. Dr. Petzke stated that he works with PMI and looks at our past 6-year trend in fun balance to get the estimate of interest. Per Dr. Petzke, the only funds missing are Fund 80- Tort Liability and Fund 90 -Health Life and Safety, which we don't utilize. The last column with % on the Expense sheet is the Budget Balance divided by Budget. The balance on the monthly financial report was a % which included encumbrances. Eugene Gatewood stated that he would like to see the % between Year to Date and Budget Balance without the encumbrances. Per Dr. Petzke, this is a standardized report but we will make that adjustment.

IV. 5-Year Projection with the New Evidence Based Funding

Per Dr. Petzke, the [5-Year Projection](#) is our assumptions as of September 16, 2022. The CPI for this December 2022 was 6.5% which we are capped at 5%. This has not happened in the past 30 years. Dr. Petzke stated, that in his experience, he has only known it to be between .08% and 2.3%. The BOE wanted to see scenarios with No New EBF 2024-2027, No New LEVY 2024-2027 and No New EBF or LEVY 2024-2027. All of those scenarios would not be favorable to the district.

V. Contract/Vendor Expectations for the BOE

When we have vendors approaching the \$20,000 mark we need to ask the following questions:

- Do we want to maintain this relationship?
- Do we turn the vendor into a contract so that we can negotiate a better price?
- If the vendor does not want to negotiate, should we go to an RFP?
- Should we have a preferred spending list that should be used by district?

Kevin Johnson asked, what is the control measure in place now? Dr. Petzke stated that we have budget managers at each location and anything over \$20,000, goes to Dr. Petzke for approval.

VI. Facility Maintenance Projects

William Queen presented a summary of all the current [Contract Projects](#). The OH track is just being resurfaced and OEHS track is being completely redone. Tracks should be resurfaced every 7 years and completely redone every 15 years. Once these projects are complete for OH/OEHS, we will be on schedule for track repair. Eugene Gatewood asked how are these projects prioritized and out of the \$18 million what do we have to allocate for these projects? Eugene Gatewood is concerned that if we put money toward the tracks, what happens if a Boilers or Chillers go out? Per Dr. Petzke, we have the Vision 308 Master Maintenance Schedule that has broken everything down by mission critical (things that would close down a school) all the way to preventative maintenance. Dr. Petzke will sit with William Queen and revisit the Master Maintenance Schedule and provide more information at the next Finance and Facility Committee Meeting.

VII. Public Comment (3 minutes each)

There was no public comment

VIII. Communication to Public

1. At this meeting we had an opportunity to review the FY23 Adopted budget and take a close look at how the business office is monitoring the budget priorities as well as the Year-To-Date spending. Starting with a high-level overview of the Financial Reports that are provided to the Board of Education each month, committee members had an opportunity to ask questions about the controls in place and the process that goes into the day-to-day operations behind that monthly statement.
2. One observation in the expenditures by fund was the disparity between budget line items between purchased services (object 300 - \$20,640,182), capitalized expenses (object 500 - \$156,837), and non-capitalized expenses (object 700 - \$3,040,670). It reinforced the idea that we have been discussing, that, while we have Debt Service Extension Bonds (DSEB) for some capital projects there are no operational dollars budgeted for ongoing capital needs. I have asked for a review of these items to see if there are any opportunities for “efficiencies” so we can increase the budgeted allowances in capitalized expenses.
3. I am happy to share that we continue to look for alternative sources of revenue. We applied for an Early Learning Maintenance Grant, unfortunately we did not receive these funds as they ran out of funding before our district made the list. In addition, we recently applied for a facility grant to replace some of our school kitchen equipment and remain hopeful that these dollars are awarded!

IX. Adjournment *A motion was made by Mr. Eugene Gatewood to adjourn, second by Mr. William Queen; all present were in favor to adjourn. Meeting was adjourned at 7:37 p.m.*