

**North Boone Community Unit School District No. 200**  
Minutes of the Business Services Committee Meeting  
District Office  
6248 North Boone School Road  
Poplar Grove, Illinois 61065  
Thursday, December 10, 2015  
6:30 p.m.

**CALL TO ORDER AND ROLL CALL**

The meeting was called to order by Co-Chairperson Ed Mulholland at 6:30 p.m. The following Committee members were present: Dr. Mike Greenlee, Ed Mulholland, Matt Ellingson, Tina Babcock, Melissa Geyman, Kelly Hanaman, Jamie Pearce and Julia Saunders. Also present: Tom Moon, Mary Maxey, Don Ward, Andy Arndt – Baird Financial, Gary Meier and Michelle Jahr – Siefert. Absent: Brian Reininger, Mary Piskie and Jeannine Plath.

**AUDIENCE TO VISITORS**

*(none)*

**AGENDA**

*(Agenda was re-organized and Item VI. was deleted)*

**USE AND ALLOCATION OF SALES TAX MONEY**

Mrs. Saunders provided handouts including notes on Financial Activity Classifications provided by Siefert & Co. Mr. Meier said after consulting with our attorney, the second CDB payment of \$1.1M can be deposited into the debt service fund or capital projects fund. He said the sales tax money should be treated the same as CDB money. He also noted we have the ability to levy taxes for health life safety.

Dr. Greenlee received some preliminary life safety estimates from Wold. He said the urgent costs (within one year) is \$118K, the required (up to 5-10 years) is \$272K, and the recommended (not required, but put on plan) is \$197K. He said these numbers exclude the high school, as they haven't yet completed the study for that building.

Mr. Saunders noted that as of June 2016, she estimates the sales tax money to be \$97K in capital projects and \$730K that has not been allocated.

**ALLOCATION OF SECOND PAYMENT OF CDB FUNDS**

Mrs. Saunders said the \$12M in CDB money was deposited in O&M, and a journal entry will be made so it appears in the debt service fund. Mrs. Saunders noted the \$1.1M second payment was deposited into capital projects fund. Per Mr. Meier it has to go to the debt service fund or capital projects fund. Mr. Ward said one option would be to invest the \$1.1M and put it on year 11, and

allow all the interest accrued to be put toward capital projects. Mrs. Maxey suggested abating taxes with the 1.1M. Mr. Moon suggested allocating half toward tax abatement and half toward buildings that are in desperate need of repair. Mr. Ellingson agreed with Mr. Moon.

### **QUALIFIED SCHOOL CONSTRUCTION BONDS**

Mr. Arndt from Baird Financial provided a hand out and gave a presentation on a non-traditional tax credit bond. For these bonds, the government would subsidize 100% of the interest. Mr. Ellingson asked if there was any chance the state could change the reimbursement rate and was told by Mr. Arndt that the 92% reflects the reality of the situation, noting we may have to pay 8%. Mr. Arndt also noted we could supplement the application with an addendum that includes the life safety project list. Mr. Ward asked if these were subject to arbitrage. Mr. Arndt said he is awaiting the answer from Chapman & Cutler. He described arbitrage as the process of earning more interest on bond proceeds than what you are paying investors, which can get you to a negative interest amount.

Mr. Arndt noted the QSCB bonds can't be used at the TAC or for a stadium. He did feel that this is an opportunity that should be strongly considered. He said once allocation is made, we have 18 months to issue and must spend 10% within one year. Mr. Ward said there would be no penalty if we don't sell the bonds. Mr. Arndt said there is really no downside to trying for the bonds. Mr. Mulholland asked if there were any objections. The committee had none.

### **AUDIT FINDINGS**

Mr. Meier said this audit was quite a struggle and said they were in limbo until some major items were resolved. Mr. Meier and Ms. Jahr suggested hiring Mark Olson to help and to keep him on until the bank reconciliations are completed. He noted two full payrolls were not recorded in the general ledger and trial balances. Mr. Meier said they had requested an extension through January 31, 2016, stating this extension will put us on the watch list, and the state could freeze (delay) federal funding. Mr. Meier said it was not a good situation, but they are working through the process. He said they have an adverse opinion, and there will be additional qualifications due to condition of accounting balances. The said the revenue is in good shape, but expenses are unknown as they were not recorded properly. Mr. Meier said the audit budget put together last spring will not be close to their guesstimate.

### **PREVIEW OF LEVY**

Mrs. Saunders presented the changes to the levy. Mr. Ward said he'd like to see the levy moved to \$9M, which would protect us from getting shorted, and felt \$70K is too small of a margin. The committee decided to keep the levy amount as presented.

### **OTHER ITEMS FOR DISCUSSION**

(none)

**ANNOUNCEMENT**

The next meeting is TBD.

**ADJOURNMENT**

The meeting adjourned at 8:40 p.m.

Submitted by:

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Ed Mulholland, Co-Chair