

# BREMEN TOWNSHIP TRUSTEES OF SCHOOLS REGULAR QUARTERLY MEETING

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A Regular Quarterly Meeting of the Bremen Township Trustees of Schools, Township 36 North, Range 13 East, Cook County, Illinois held at the Office of the Trustees of Schools – 6109 West 175<sup>th</sup> Street, Tinley Park Illinois

## MINUTES OF JULY 11, 2011

Call Meeting to Order: 7:04 P.M. by Mr. Bertrand, President

Pledge of Allegiance

Roll Call

Joseph G. Bertrand, Jr.	President / Member
Michael T. Duggan	Member
Julienne W. Mallory	Secretary / Member
Joseph J. McDonnell	Treasurer / Clerk

All Officers and Members present.

Approval of Minutes

- May 23, 2011 – Motion to approve minutes by Mr. Duggan - seconded by Ms. Mallory.

Discussion: Ms. Mallory had previously discussed the accuracy of the minutes with Mr. McDonnell and changes for accuracy were corrected.

Motion carried – all “Ayes.”

- May 23, 2011 Executive Session – Confidential – Motion to approve minutes by Mr. Duggan – seconded by Ms. Mallory.

Discussion: *Mr. Bertrand did not get a copy of minutes for May 23, 2011 Executive Session – Confidential.* Mr. Bertrand had excused himself from the meeting because of the topic to be discussed.

Motion carried – Mr. Duggan, Ms. Mallory – “Ayes.” Mr. Bertrand – “Abstain.”

Treasurer’s Report

Presentation by Mr. McDonnell:

- Bank cash balances, investment details by type of investment and a detailed listing of all investments in the portfolio as of May 31, 2011.
- The period ending May 31, 2011 Treasurers' Office Statement of Expenditures were reviewed. Cash balances ending May 31, 2011 were just over \$139.5 million. Review of reports included graphs of cash balances, interest earnings and monthly average yields. Statement of Expenditures reflects total expenses at 73% of the budget.
- Preliminary - Fiscal year ended June 30, 2011 is estimated that total expenses will be about 79% of the budget. Various column headings presented in the Statement of Expenditures were explained for this period.

Motion to accept Treasurer's Report as presented made by Mr. Duggan.

Discussion:

- *The budget is under budget by 21%. Attorney fees were under budget – actual expenditures were \$44,000. Employees' training, paper and check supplies were also under budget. It is difficult to project how many checks the school districts will write throughout the year. Equipment purchases were also under budget due to delaying the purchase of a new mainframe computer.*

Motion on the floor to accept the Treasure's reports as presented was seconded by Ms. Mallory.

Motion carried – all "Ayes."

#### District Communications

Presented by Mr. McDonnell:

- Mr. McDonnell has presented the Annual Investment Report to Bremen High School District #228, Forest Ridge School District #142, and Country Club Hills School District #160. He has already presented this to some of the other school districts earlier in the year except for Arbor Park School District #145 because they did not request a presentation this year, only to be sent copies of the Annual Investment Report. Arbor Park School District usually requests a presentation every other year.

Executive Session: Discussion and/or consideration of personnel and pending litigation and or actions that is probable or imminent, exempt under Section 2(c)(11) of the Open Meetings Act, 5 ILCS 120/2(c)(11)

- Question: *Meaning of consideration of personnel? Any personnel issues to be discussed.*

**No Motion.**

**Potential action on items from Executive session related to matters of pending, probable or imminent litigation**

**No Executive Session**

**Examination of the books and records of the Township School Treasurer's Office for the Fiscal Year Ended June 30, 2010**

**Discussion:**

- **Mann, Benzinger & Co., Ltd prepares audit and management letter. This report includes the scope of the audit and any findings or difficulties. The audited financial statements have already been posted on the website. According to the School Code, the Township Treasurer's Trustees of Schools are to do an examination of the books and records and the audit fulfills that examination requirement. The Trustee reviews and approves the audit. This approval states that an audit was completed, the Trustees have reviewed it and has approved and file as an official document.**
- **Audit was posted on Bremen Township School Board Trustees website prior to the Trustees review. If this is a procedure that is done without review of the Trustees, or without any consideration of the Trustees if there are any questions or clarifications of the audit then what is the purpose of voting on this item? Trustees did not see the audit until Friday, July 8, 2011, after the posting of the audit. Mann, Benzinger & Co., Ltd is engaged to do for the Board but the Trustees do not get to review the audit prior to posting – only the Treasurer?**
- **The auditors will attend a meeting if the Board wants them but Mr. McDonnell stated he will try to answer any questions the Trustees may have. There is not a need at this time for auditors to attend a meeting, but in the future if any questions, recommendations or clarifications needed there could be a possibility of an invitation extended. Voting on the audit report is indicating that the audit was accepted.**
- **Audit indicates that everything is being done properly, including the Treasurer's Office, and the inter-workings of the funds invested. Each school district has own audit which is done prior to the audit this Board receives. Trustees should review audit prior to posting to address any "red flags", issues, violations, corrective measures. Audit will be reviewed by the Trustees prior to any posting – not seeking to change the audit report, but to address any findings. There are governmental laws that auditors have to follow in their performance.**

Motions to accept the examination of the books and records of the Township School Treasurer's Office for the fiscal year ended June 30, 2010 per the audit and management letter prepared by Mann, Benzinger & Co., Ltd made by Ms. Mallory – seconded by Mr. Duggan.

Motion carried – all "Ayes."

#### Approval of 2011/2012 Budget for Township School Treasurer's Office

Presented by Mr. McDonnell

- **Typographical error on the pie chart on the first page – should read 2011/2012 instead of 2010/2011. Description of budget was reviewed in detail at the various levels.**

#### Discussion:

- **Large drop in health insurance premiums because an employee's spouse became Medicare primary. There are four staff members and Treasurer covered in the plan.**
- **Car allowance (\$7200 per his contract) is for Treasurer's personal car's gas, tolls, parking, wear and tear on car and depreciation instead of the 55 ½ cents reimbursement according to IRS regulations. He does not have to keep track of tolls or any information or direct accounting. Recommendation is that this be reviewed in future contracts.**
- **Attorney fees (\$10,000) because there is no way of estimating the amount. We use to use \$1,000 and rarely spent that. It was an increase to \$10,000 when Hogan Marren, Ltd. was retained by this board to keep Trustee Bertrand from being seated by prior, outgoing board members, Dennis McGlynn and Ron Szabo. Last year it went to \$240,000 but only \$44,201 was spent. That amount was for representation in the lawsuit that was brought to the Board by Bremen School District #228, Forest Ridge School District 142, and Kurt Staehlin to keep Mr. Bertrand from being reimbursed for his attorney's fee when he brought suit against this Board to be seated after he won the election and was certified to be seated. There is question to why this Board will not pay Ms. Mallory's attorney fees under the indemnity law when she was named in a lawsuit whose origin was not her?**
- **Office rent is increased of approximately \$420 and the lease expired June 30, 2011. This was not brought to the attention of the Trustees. It is believed that Tinley Park High School, School District 228 is in the process of putting together a revised lease agreement. The Treasurer put together a recommendation that the rent be increased based on the average Consumer Price Index (CPI) over the previous 5 years. CPI average over the past 5 years of 2.18% based on a historical average was the basis for**

calculating the annual rent increases. The lease will be available for Trustees to review and approve before the lease agreement is signed.

- Increase of the cost of the treasurer's bond (\$3,786) because the amount of the surety bond was increased from \$10 million to \$18 million.
- Increase in publication cost (5%) for publishing the School districts Annual Statement of Affairs reports. Requirement for this to be published in the newspaper on behalf of the school districts.
- Paper check supplies vs. going green (direct deposit and electronic transferring of checks, etc.) has been looked into and it will be discussed later in the new financial system software conversion that has been discussed with school districts.
- Increase in employee training cost in the budget because of the new financial conversion where employees will need training which will be discussed later.
- Employee travel reimbursement line item is to reimburse the delivery person for mileage cost 55 ½ cents per mile.
- Trustee expense line item for conference reimbursement and the Annual Cook County Trustees of Schools dinner.
- 70% of the budget is salaries, payroll taxes and benefits. Although the salary increase is 1.99% this is not a flat increase per employee because each staff member is at a different salary level. The determination of who gets an increase is based on an informal evaluation where the Treasurer sits down with each employee individually. There is no written evaluation. Applications are on file, vacation and sick time is kept track by Treasurer. If there is a disgruntle employee or if someone had to be let go, the Treasurer would make sure he would have all necessary documentation. Everyone was in agreement that the evaluation procedure be changed to a more formal, written, evaluation process and documentation. Everyone was in agreement that a formal, written evaluation policy will be implemented for this ending school year, 2010/2011. This will be put on the agenda for the next meeting under new business entitled performance evaluation policy.
- Salary for Treasurer (\$148,000) will remain the same but the report of \$162,980 includes Treasurers base salary and unused vacation pay. They are listed separately in the budget document.

Motion to accept the budget of Bremen Township School Treasurer's Office for the school year 2011/2012 was made by Ms. Mallory – seconded by Mr. Duggan.

Mr. Bertrand – “No.” Mr. Duggan – “Aye.” Ms. Mallory asked had a decision on the attorney fees? Mr. McDonnell stated it was not part of the motion. Ms. Mallory – “Abstain.”

Mr. Bertrand stated there have been a motion; a seconded; and a vote taken with a “no”, a “yes” and an “Abstention. With some legal precedence out there on what “Abstention” means this would indicate the motion did not pass.

Mr. McDonnell expressed that without a budget, operation of the Treasurer’s office would close the doors tomorrow, July 12, 2011, and School Districts would not meet their payroll on Friday. Concern is that no one wants teachers and school staff to go unpaid. A call for a motion for reconsideration was made for more discussion. Question: If a motion to reconsider the budget, can changes be made to the budget? Answer: It can be voted on to seek approval.

Motion to reconsider the budget for discussion was made by Ms. Mallory – seconded by Mr. Bertrand.

Motion carried, all “Ayes”.

#### Further Discussion for Reconsideration

- Budget given on Friday, July 8, 2011, seen for the first time by the board members, and expect approval without review. Fiscal Year ended June 30, 2011 and should have been presented earlier and not put Trustees’ back against the wall. It was noted that this is the way it has always been done in the past 16 years.
- To state that teachers are not going to get paid and the office is going to shut down makes it sound like it’s the Trustees fault. Treasurers stated that school districts have until November to approve budget. Even though school districts are operating under the same fiscal year as the Treasurer’s Office, the question becomes why can’t the Treasurer’s office continue to work and not close? It was noted that during the summer, there is an operating (tentative, preliminary) budget for schools, why not this office? Schools discuss their budgets in March, even earlier, discussing plans for the upcoming year.
- Getting the budget passed brought up the other discontentment such as the Treasurer writing own contract, paying for past board members and Treasurer’s attorney fees, not honoring the indemnity under the Government tort Act motion which includes Ms. Mallory as part of the Board, documents being presented to the board for approval without thorough review. The budget is a guideline where all the money does not have to be spent. Any amount that is under budget would be returned to the school districts. Any amount over budget, the districts would pay more.

- As a public entity, a service organization, 70% is a big number for salaries. Without having the opportunity to talk with other Board members regarding item lines in the budget is not the way to come to a meeting and approve a budget. This may have been the process in the past, but this is not a process that works in the best interest of who we represent. As a board, we must look for a better way. The budget should be presented earlier so the Trustees backs are not up against the wall.

Motion to amend the attorney fee item line to \$100,000 and accept the budget was made by Ms. Mallory – seconded by Mr. Bertrand.

Motion carried – Mr. Bertrand, Ms. Mallory – “Ayes.” Mr. Duggan – “No.”

#### Discussion

- Mr. Bertrand stated the Board should get this budget in June, 30 days prior to being approved. Furthermore, under the Open Meetings Act, we operate under the School Code and all school districts have to post their budget. Are we required to post our budget? Mr. McDonnell replied, “No.” Mr. Bertrand replied that he thought all governmental agencies are required to post their budget. Mr. McDonnell stated the he does not believe there is a posting requirement for the Trustees of Schools and in the past, he has never posted the budget for public viewing. Mr. Bertrand stated we should find out. It was recommended that since we have a website, the budget could be posted, but reminded that only approved items should be posted on the website. Agreement was reached that the Treasurer’s Office Budget will be posted on the Bremen Township School Board Trustees’ website.

#### Approval of School District Financial/Human Resource Software Conversion and Hardware Upgrade

Presented by Mr. McDonnell

- This idea was brought up a few months ago at a meeting held by School District #144 and all school district superintendents and business managers relating to our current software called DCR. There have been several coordinated meetings with the school districts and other township school treasurer’s offices to review several other software companies to explore available options. They were presentations and our school districts unanimously approved the Infinite Visions software by Windsor Management Group. Since we will be consolidating our purchase with

other treasurers' office, our school districts will receive a volume discount. Niles Township School Treasurer's Office was converted on July 1<sup>st</sup> and Bloom Township School Treasurer's Office will be converting next. It is our projection that our school districts will convert on July 1, 2012.

- Bremen Township School Districts will receive a 58% discount on the software and 18% discount on training cost since there would be combined training sessions with other township treasurer's offices and their school districts. The implementation costs, quoted by Windsor Management Group, have never been exceeded in the past and have always been under budget. The hardware costs would also see a discount of approximately 20% and could be 70% to 80% depending on our e-rate discounts. This has been presented to all school district business managers and they are excited about converting to this new software. Cost of their software based on student count. Treasurer's office is allocated based on revenues received. Not reflected in budget because of their difference between the allocation methods and he did not want to reflect a huge increase in the office budget for the one year. Treasurer decided to keep software and hardware conversion costs separate from the office budget. This separated billing would only be the first and second year because of the large amount, but in year three, we would only have the license and support services cost. We could bill to the school districts as part of our normal budget as maintenance cost.
- Enhance capabilities are employees self-service through web portal allowing access anytime, anywhere to obtain various information including paycheck stubs; reduce paper use; keep track of sick and vacation time; consistency in data input screens and integration capabilities with other software; integrated with the financial data including time, attendance, benefits, etc.
- Drawback is that unions must be on board for paycheck stubs because of direct deposit requirement – everyone must have direct deposit. School Districts expressed that they are willing to have those discussions with their unions in order to get to a paperless payroll process.
- Security support is furnished by Windsor Management Group (WMG) and we will probably use an offsite location for hardware support and backup support. The hardware will be housed in an offsite facility. WMG handles large corporations and has a series of firewalls. WMG has been in existence since 1984 has over 800 school district clients. There will be an inquiry on what liability insurance is needed and by whom if data is hacked or stolen by Treasurer.
- This office will be entering into the contract to purchase the Infinite Visions software on behalf of the school districts serviced by this office. The Board will be giving the Treasurer authority to sign the contract if approved.



- School Boards have not voted on this but the school district business managers are in agreement with the conversion. School Board Presidents should write a letter stating they and their Districts are in agreement with this conversion and cost. Ms. Gleason (Board Member District #228) was very information and stated that this is long overdue. She further stated that they are looking at this as a cost savings with regards to employee time and paper cost. Ms Baran (Business Manager for District #142) stated she has been involved in a number of software presentations, but has not seen any dollar amounts. She would have to present this to her School Board.
- This Board is only giving approval to go ahead and proceed with this recommendation. If this Board agrees with the conversion, it does not mean that the School Districts have to agree with the conversion. This will benefit the students. It was determined that if we get a consensus of the majority then we could move forward. Ms. Baran asked if Mr. McDonnell will be sending email or letter to the School Districts requesting approval from the districts' Superintendents. Mr. McDonnell will be communicating with our school districts.

**Motion to approve the School District Financial/Human Resource Software Conversion and Hardware Upgrade subject to a majority approval by each School District Superintendent or a School District Representative made by Ms. Mallory – seconded by Mr. Bertrand**

**Motion carried – all “Ayes”.**

**Old Business – None**

**New Business**

- Staff evaluation to be on next meeting agenda.
- Budget Preparation for April or May (timeframe) on next meeting agenda.

**Recognition of Public**

**Motion to open the floor to communications from the public made by Mr. Duggan – seconded by Ms. Mallory**

**Motion carried – all “Ayes”.**

- Ms. Gleason: Terms of their School district budget, they approve a preliminary budget in April or May, but they are approving same budget from the prior year.

School Board allows the School District to spend 50% of the prior year's budget until the new budget is built. They are looking at a tentative budget at the Board's next meeting which will not even approve a tentative budget until after July 1<sup>st</sup>. They have approval to spend up to 50% of the prior year's budget. The budget will go on public display, according to the school code. Final budget will be voted in September. There are a lot of numbers that are unknown before then which could have a significant impact on their budget. Suggest the Trustees consider approving a preliminary budget to operate beyond July 1<sup>st</sup>.

- Mr. Baran: School Boards have until December to publish the budget and send it into the State Board of Education.

Motion to close the floor from public participation was made by Mr. Duggan – seconded by Ms. Mallory

Motion carried – all “Ayes”.

There being no further business before the board, a motion to adjourn was made by Mr. Duggan – seconded by Ms. Mallory

Motion carried – all “Ayes”.

Adjournment: 9:10 p.m.



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Joseph G. Bertrand, Jr., President



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Julienne W. Mallory, Secretary