

School District U-46
Elgin, Illinois
December 12, 2022

The Finance Committee of the Board of Education met at 4:30 p.m. via Zoom and made available to the public in Room 140 of the Educational Services Center, 355 East Chicago Street, Elgin, Illinois, for the purposes of presenting the Fiscal Year 2022 Audit. In attendance were Board members Melissa Owens, Kate Thommes, John Devereux, and Eva Porter as well as Tony Sanders, Superintendent, Trisha Olson, Chief Legal Officer, John George, Audit Partner with RSM, Sarah Darnall, Assurance Manager for RSM, and Dale Burnidge, Director of Financial Operations.

1. Open Meeting and Introduction

Mr. Devereux opened the meeting and stated everyone present.

2. Presentation and Discussion of the Fiscal Year 2022 Audit

Mr. George began the discussion by providing the audit timeline that was followed and stated the preliminary planning began in October 2022. The areas in which RSM conducted their audit includes but were not limited to transaction cycles, internal control processes, revenues, investments, receivables, payables and disbursements, capital assets, debt, pensions, and other post-employment benefits.

Ms. Darnall stated the district received a clean opinion in the audit for Fiscal Year 2022. Ms. Darnall stated a new auditing standard was released and provides more detail regarding management responsibilities as well as the responsibility of the auditor.

Regarding the main financial statements, specifically the statement of net position, Ms. Darnall stated the total net position increased by a \$161 million compared to last year due to the district, in part, receiving additional ARP ESSER funds due to the COVID-19 pandemic. The district also received an additional \$23.8 million in Evidence-Based Funding from the state.

Ms. Darnall stated an additional significant change from last year is the long-term obligations due in one year decreased significantly. It went down by \$83.5 million. \$42.8 million of that is due to a decrease in the Teachers' Health Insurance Security (THIS) Other Post-Employment Benefits (OPEB) liability that is associated with the district. The change in THIS OPEB liability is due to a change of assumptions for healthcare costs. During the pandemic, most of the actuaries were anticipating higher healthcare costs, but in reality healthcare costs decreased during that period as there was not an ability to see doctors in person unless it was an emergency. As such, when THIS adjusted their estimates based on actual claims, the healthcare cost trend went down as an actual cost that brought down the liability.

Ms. Darnall stated long-term obligations decreased by \$32 million as the district is paying off its bonds in a consistent fashion. Ms. Darnall stated the recent bond refunding done by the district was to take advantage of lower interest rates.

Ms. Darnall discussed the district's major funds, focusing on the General Fund, and stated

the fund balance is very strong. The General Fund comprises the Educational, Operations and Maintenance, Tort Immunity, and Working Cash Funds.

Ms. Darnall stated there are no significant risks within the district's internal controls.

The district this year needed to implement Governmental Accounting Standards Board (GASB) 87. Ms. Darnall stated that for a number of districts, GASB 87 had a significant impact. As the district does not have many leases, there is no impact to the district's financial statements this year, although next year, Gatsby 96 will affect the district as the district will have to start capitalizing the software costs that are being rented.

3. Public Participation

There were no public comments.

4. Adjournment

Mr. Devereux adjourned the meeting.

Approved this 20th day of March, 2023.



President



Secretary