

MID-STATE SPECIAL EDUCATION
EXECUTIVE COMMITTEE MEETING
Regular Board Meeting
Official Minutes
December 12, 2018

PROCEDURAL BUSINESS

The regular meeting of the Mid-State Special Education Executive Committee was called to order by Chairman Mr. Aaron Hopper at 10:00 a.m.

MEMBERS PRESENT

Mr. Fred Lamkey, Edinburg; Mr. Ron Graham, South Fork; Dr. Scott Doerr, Nokomis; Dr. Gregg Fuerstenau, Taylorville; Dr. Becky Schuchman, Carlinville; Mr. Aaron Hopper, Panhandle; Mr. Jason Bauer, Pana; Mr. Dave Meister, Morrisonville; Mr. Steve Phillips, Mulberry Grove; Mr. David Powell, Hillsboro; Dr. Wes Olson, Bond County; Dr. Jennifer Garrison, Vandalia; Mr. Mike Shackelford, Brownstown; Ms. Melissa Ritter, Ramsey; Ms. Julie Healy, St. Elmo

OTHERS PRESENT

Mrs. Angela Armour, Director; Mrs. Lyn Becker, Administrator of Special Education Services; Mrs. Brandy Buske, Administrator of Special Education Services; Mrs. Michelle Rexroad, Business Manager; Mrs. Vickie Throne, Executive Secretary

Recognition of Visitors: Ms. Robin Yockey, Auditor

MEMBERS ABSENT

Mr. John Mullett, Litchfield;

CONSENT AGENDA

- Approval of Regular Session Minutes (November 13, 2018) and Special Board Minutes (December 6, 2018)
- Approval of Destruction of Executive Session Audio Recordings Older than 18 Months (None)
- Financial Report for FY19
- Accounts Payable Review & Approval of November Regular Bills
 - MSSE = \$411,830.20
 - BF/MSSE = \$1,395.28
 - CR/MSSE = \$2,531.03
 - MCC/MSSE = \$2,479.51

A motion made by Mr. Graham and seconded by Mr. Lamkey to approve the Consent Agenda, carried by a roll call vote of 14 yeas, 1 nay.

NEW BUSINESS

Ms. Robin Yockey, Auditor with Mose, Yockey, Brown, & Kull, LLC presented the FY18 Audit. The reports provided were: Mid-State Special Education Consolidated Annual Financial Report, Mid-State

Special Education Central Annual Financial Report, Bond/Fayette Region Annual Financial Report, Christian Region Annual Financial Report, and the Montgomery County/Carlinville Region Annual Financial Report. Ms. Yockey reported that she will present all reports together. She provided a comparison of fund balances for Fiscal Year 2017 to 2018. Included in the Consolidated Annual Financial Report is the reporting that is recognized by ISBE. Ms. Yockey reported that there are three reports that are included. The first report is the Independent Auditor's Report and it does give an unmodified opinion on the regulatory basis which says that your financial statements are fairly presented in accordance with the regulatory basis of the county or how ISBE requires you to present your financial statements. Also included is the Adverse Opinion-GAAP which is required because the financial statements are available through FOIA to businesses, individuals, creditors that might not understand the regulatory basis of accounting. There is an additional report in the back of your consolidated report. Mrs. Yockey stated that whenever an entity expends more than \$750,000.00 in Federal Funds they are required to have a single audit performed in accordance with Government Auditing Standards which holds us to a higher level. All school districts and joint agreements in the State of Illinois are required to have an audit performed under Government Auditing Standards. It requires that we be in compliance with certain provisions of laws, contracts, and regulations. Mrs. Yockey reported that were compliance findings or internal control over compliance findings. Mrs. Yockey reported that the Government Audit Standards Report is the next report that she will cover. Mrs. Yockey explained that there are three levels of deficiencies, material weakness, significant deficiency and management comment. The worst level to report is material weakness which is a weakness found that is so pervasive and that is the level that occurred last year. The second level is significant deficiency which is still enough that it needs to be included in this report and it is big enough that it needs to be addressed. The final level is management comment which is not severe enough to make it into the government auditing standards. Mrs. Yockey reported that there is a finding and it is related to internal control. It deals with the timing of information being provided. Ms. Yockey believes this merits some discussion just as we did last year. Ms. Yockey is required to list the criteria of specific requirement. The criteria is the management oversight of the financial reporting requires monitoring to ensure the financial reports, bank reconciliation and other account reconciliations are accurately and timely prepared. There was an issue with getting the information provided in a timely manner. The positive is we did get rid of the material weakness related to classification. The adjustments that are required to make to get your financial statements fairly presented were minimal compared to what they were in the prior year, so great strides were made in the classification part. Ms. Yockey reported that financial reports, bank reconciliations and payroll liability reconciliations and payroll liability were not timely prepared during fiscal year 2018. Management oversight over financial reporting did not timely identify the need for additional resources to assist with the accounting functions. Ms. Yockey did note that Jeanne Vancil was brought back after year end to help and was a great help in getting things accurate. Ms. Yockey reported that after evaluating internal control, it is not where it should be over financial reporting. Ms. Yockey believes internal controls over financial reporting should require monitoring of the accounting function by management to determine that resources are adequate to complete required tasks, to ensure that reports and reconciliations are timely prepared and to make certain that reconciling items are promptly investigated and corrected.

Ms. Yockey reported on the comparison of fund balances from fiscal year 2017 to fiscal year 2018. There are no significant changes in the fund balances among the sub regions or the consolidated as a whole. The Results of Operations is revenues received over (under) expenditures disbursed. The biggest change in operations is the timing. Everything is affected by the timing of receipts and disbursements. Ms. Yockey believes the overage in consolidated is due to this being the first year of evidence based funding because we had one month at the end of June that was not passed until July. Next report is Material Variances on State of Revenues Received/Expenditures Disbursed. Big changes are as she mentioned before that this is the first year of evidence based funding to come here to this office as we never received state aide here before. The evidence based funding is \$1,831,035.00 and the special education personnel is \$915,518.0. We received the last payment of that during this year. Assessments from the districts are very similar to what they were last year and the transfers to member districts are inflated because we had more money to flow thru.

Ms. Yockey reported that there is a separate report that you should get with all audits included in your packet. This is communication required at the conclusion of the audit with those charged with government. If you look at the corrected and uncorrected misstatements it will provide you the information as to what occurred. How did the books/financial statements that she was provided with differ with what you are seeing in the audit report? Those are the most material adjustments or reclassifications that were made in the audit.

Dr. Fuerstenau asked Ms. Yockey what her recommendations would be to correct the findings. Ms. Yockey stated there needs to be more communication with the business office regarding their workload and need for extra help. The problem with that is with a reorganization happening and the unknown need for future staffing levels it will be hard to find someone to hire. With the potential withdrawal of three districts, the IDEA not flowing through here any longer and the possibility of dissolving regions and becoming one Mid-State, that will impact the workload by causing a decrease in work. Ms. Yockey noted that we are heavily reliant on spreadsheet and with the new SDS program we have, we should be able to get away from that which would also alleviate extra work.

A motion made by Dr. Fuerstenau and seconded by Mr. Powell to approve the FY18 Audit, as presented, carried by a roll call vote of 15 yeas, 0 nays.

DIRECTOR'S REPORT

Mrs. Armour reported that the Federal IDEA FY18 Audit-ISBE auditor was onsite and completed this audit Nov. 19-21. Her email stated, "There are no audit findings. Keep up the great work."

Mrs. Armour reported that an ISBE IDEA presentation was provided. Approximately ten bookkeepers attended the training last Thursday. We appreciated Felicia Malloy from ISBE who presented. Special thanks to Shelly for her work in coordinating this training and to Colleen German for sharing her updated excel spreadsheet to assist with completion of Excess Cost.

Mrs. Armour reported an insurance update. The recommendations of the Egyptian Trust Benefit Committee are included in your packet. The recommendation to accept the Blue Cross/Blue Shield proposal was accepted on December 5th with a March 1, 2019 effective date with a three year guaranteed contract and other incentives.

Mrs. Armour reported that we received a FOIA Request. On 12/6/18 Jennifer Richards, Chicago Tribune, requested information related to isolated time out, seclusion, or any other type of confinement as well as training and orientation. A letter requesting an extension is being sent on Monday.

Reorganization Steering Committee Report & Discussion

Mrs. Armour reported the Reorganization Timeline is included in your packet for a schedule of dissolving the Regions by June 30, 2019. FY19 contracts and grants will be paid out into August and September, so other timelines are possible using a fall date or December 31st date.

Mr. Hopper reported that the Finance Committee will need to meet again discuss the recommendation regarding IDEA, Child Count, or other options that may be available for assessments. Mr. Hopper also reported that the Regions will need to have a special meeting to determine if they will dissolve the individual Regions to start the process of becoming one Mid-State, as the district boards will also have to approve the Regions to dissolve. This needs to

occur in January. The MCC Region has schedule a special board meeting for January 4, 2019 and Christian Region also scheduled a special board meeting on January 4, 2019. Dr. Fuerstenau would like to thank the Reorganization Committee for their work on the Child Count. He feels that provided some good information. Mr. Hopper stated that if each Region was to dissolve, that would give districts the option to decentralize if they chose too. Dr. Garrison stated that she feels after looking at the options she believes that we need to find a compromise that is good for all of the districts. Dr. Garrison stated it is time to do what is going to make us attractive for other districts to want to join us. Mrs. Armour reported that as she has been learning from other coops and has found the some use their regular Child Count not the Special Ed. Child Count for certain pots because they do not want there to be an incentive or disincentive for identifying students who need services. At the time percent of IDEA was put in place it was a good thing, but times have changed and we have not addressed these changes. Mr. Hopper stated that we also have to remember that MOE is always an issue so we need to think that through as we send out RIF notices. Mrs. Armour reminded everyone that if we RIF staff that is not an approved reason for lowering MOE cost. She has spoken to Robin Yockey about this issue, and Robin reminded Angie that the cost will still be on the books somewhere. Discussion occurred regarding hiring extra help for the business office due to the increased workload caused by the reorganization. The board determined that Mrs. Armour will meet with Mrs. Rexroad to determine where the help is needed. They will then determine if we can utilize the staff we have in house or if we find someone to work contractually through the re-organization.

UNFINISHED BUSINESS

None

EXECUTIVE SESSION

None

ACTION ON BUSINESS ITEMS

Personnel:

None

DISCUSSION

The next Executive Committee Board meeting is scheduled for Wednesday, January 16th at 10:00 a.m.

ADJOURNMENT

A motion made by Dr. Fuerstenau and seconded by Mr. Graham to adjourn the meeting at 11:07 a.m., carried by a voice vote of 15 yeas, 0 nays.

Respectfully submitted,
Mrs. Vickie Throne, Executive Secretary

Chairperson

Date

Executive Secretary

Date