

Financial Advisory Committee Responses

- 1.** I created my “Business Advisory Council” here at Kings Local School District about a year ago. I’ve used them for a few purposes. In one situation, they helped select the investment bankers we used for a bond re-financing. Part of their main purpose is to review the audit reports and they were active in the selection of the auditors when they Auditor of State dropped us this past year. The main focus for me though has been to show them all the assumptions that I utilize in preparing my five year forecast. I have a very good group of four people that are district stakeholders and have solid financial backgrounds. We’ve got an anti-tax group here in the community that is quick to try and find fault with just about anything, so I feel that the Business Advisory Council can add some credibility to what it is I’m doing. I don’t hold them directly responsible for my data, the calculations, etc., but I do want them to get a pretty good sense of how my numbers are developed, and while it’s been a fairly drawn out process going through all the data, I’m hoping they’ll feel comfortable providing some feedback to my Board. My Board members don’t all have the financial backgrounds and time to devote to this, so this is a good way for me to allow some additional input and get some additional feedback from the community.
- 2.** Olentangy has a finance/audit committee with 6 residents/2 boe members and myself. We meet when necessary. Such topics are for them to go over the five-year forecast as well as discuss efficiencies for the district. The district had a performance audit done about two years ago and this committee looked at the financial findings and determined whether or not the recommendation had any merit. They are an oversight committee with no agenda/goals. We try to only meet about three times each year. We did meet more frequently in the beginning just to bring them up to speed on school finance. It is a board committee and therefore open to the public and press but none ever come.
- 3.** We do not have a financial advisory committee, but we do have a finance committee that is a sub committee of the BOE. We meet 3- 4 times per year and discuss various financial things: 5 year forecast, budget to actual, planned purchases, insurances, cafeteria, etc.
- 4.** I, too, have a community-based audit committee that was appointed before I got here (about 6 years ago), and I have no idea what they are supposed to do. The State Examiners asked and encouraged us to have one, so our B.O.E. appointed one of themselves for "Finance/Audit Committee". I would be interested in any replies you receive that indicate a working such committee.
- 5.** I also have a Finance Advisory Committee. I am very interested in the responses to your questions as I have the same ones. My Finance Committee consists of two board members, the superintendent, myself, and business manager. I use this as an overview of district finances, review of audits, setting goals as a result of audit findings. I believe the purpose is also to include local businesses so that the community is “involved” and aware of what is going on from a financial position in the school district. I was advised by our auditors that we needed to have this committee, however, it is more of me providing information to those involved and not very much input from them.

6. I had convened a finance committee several years ago under pressure from audit and the board. At first it was a ruse to crawl around in meaningless detail, but with the support of strong minded board members and the superintendent, I was able to redefine it to a more meaningful level. I have set the same structure up here in my new district. We meet quarterly to focus so on issues that are relevant to the long term financial health of the district. I have attached the organization and structural document for your review as well as a sample document that I prepared for the committee to review. I see it as the committees function to review all proposed strategic planning and program additions to identify costs and financial impact. It is also a critical task for the committee to report out in a formal way to the community. Another important feature was to ensure the committee was composed of individuals who had financial training in their backgrounds or as part of their employment responsibilities. Once this structure was in place, it took a lot of pressure off of me as the lone messenger.

7. We use a financial committee to look at issues in some depth and report back to the board. A recent example was the superintendent's request to hire two kindergarten teachers to allow us to offer 'all day' kindergarten. The board asked that the finance committee take a look at the issue and make a recommendation. They meet kind of sporadically when the need arises.

8. Our Financial Advisory Panel has been very successful. We have been in existence since 1999. It is made up of 11 community members, supt., asst ms principal and myself.

A number of things they have accomplished:

1. Made levy recommendations to the Board when applicable
2. Analyzed, prioritized and recommended spending General Fund dollars for capital improvements (since we do not have a PI Levy)
3. Researched comparibles with other districts prior to negotiations
4. Currently will meet soon to review the new Strategic Plan and lay out a financial plan to fund it.

9. Our financial committee is made up of two board members and the Treasurer, Supt., and Asst. Super. It basically serves as the financial arm of the board. Anything out of the ordinary, is reviewed in detail by the finance committee and recommendations are made to the full board. This includes, levy considerations, forecasting/appropriations, benefit planning, retirement option considerations and planning, large service contract issues (i.e., utility purchasing consortiums), debt refinancing, salary/wage considerations, etc. We may meet 3-4 times a month or not at all depending upon what it going on.

10. We have a finance committee made up of two board members, the supt and myself, the treasurer. We meet at least quarterly and at other times during the year as needed. We review the 5-yr forecast, especially projecting if and/or when a levy is needed. We review the budget (this is routine) and temp/perm appropriations (this is routine). We also discuss new financial issues, e.g. the TPP and HB66, etc. This group has also been made a part of our strategic plan in order to have goals met. We are also nearly ready for an OSFC project, and we are discussing that financially. Hope some of this helps!

11. Our committee was formed to help promote a operating levy. We wanted them to understand our financial situation and be able to discuss it with community members. After the levy we would meet every quarter and discuss items that were important to our financial security. This years appropriations vs. last years,(explained the increase), reduction of Pers. Tang. taxes, Enterprise Zone in our community, etc. In our community over the years, I feel that the main purpose of the committee has been to filter and confirm information. (I am not sure what they think it has been). As a member of the finance committee, they know that we are not building a new stadium, only putting in new light poles. They also seem comfortable calling with questions, if they have heard rumors and setting them straight.

12. Our supt just started one and the purpose is a way to connect to the community and to communicate with the community about financial matters. We are using the committee as a sounding board for major purchases within the district and for help in planning on when to ask for the next operating levy. These people talk to many folks within the community and can help get information out to the public regarding financial and other issues. They can also serve as a funnel to get information back from the community on what is perceived about your district. We shared with this committee the results of our staffing analysis done by ODE and the financial analysis done by ODE plus we reviewed the five year forecast in October with them. We will update them on changes this spring and keep them up to date on the TPP effects for our district. We have talked with them about our tax abatements and donations we receive. Since our donations are going to be stopping soon, we want this group to understand how that is going to affect the five year forecast and the state funding. It is a very touchy, feely type of committee and I let my supt manage the activities. I attend each meeting but really it is the supt. who is the one who organizes the meeting.

13. We use our finance committee to review monthly financial reports, quartey appropriation adjustments and five-year forecasts prior to submission to the Board for approval. This committee also will review other financial issues and make recommendatons to the Board (e.g. Levies, etc.). We also have a Business Community Advisory Committee that meets 2 or 3 times a year in order to keep community leaders up to date on where were are financially

14. My finance committee comes in two days before my Board meeting and reviews our finances, receipts and expenditures in detail for the Board. It is made up of the Board President and one other Board member. Then my Financial reports are mere formality of approving at the Board meeting. Basically saves time at the Board meeting and allows me to answer questions in a more private setting.

15. Here at Olmsted Falls we are going to do both an "internal" finance committee and "external (public)" finance committee. I have attached the document from our internal finance committee with first one being 3-21-06. I have the same questions regarding the external (financial advisory committee) as you do.

16. My committee is just a sub committee of the Board and is me and 2 board members. I meet with them in the fall to review appropriations and the five year forecast. I meet with them again before we adopt the new five year forecast in the spring. When we meet I review all the detail data and the assumptions that I have made to make sure they are comfortable with them

17. I started a financial advisory committee about a year ago as well. I think just having open lines of communication with those 10 people is well worth the effort. I can provide them with information, and since they are well-known in the community, I know some of that is getting distributed. Members also provide me with ideas for communicating financial information better with our residents. See attached guidelines.

18. We have one but they only meet once a year....they sit in on our post-audit conference with the board (at the auditors' invitation) and get to listen to the post-audit conference and ask questions if they want. That's all we really do right now with ours.

19. We have only a finance committee that includes 2 board members, the superintendent, and me. We meet maybe twice a year, discuss any "huge" changes to our finances, or maybe discuss something coming up that will need budgeted. It is really nothing, but we have 2 board members that have been around for a long time, and they like to get together and talk. I don't know of anything that has come out of the meeting especially helpful, but....you know how it is. We just do it!

20. Our committee consists of 2 board members and 5 community members and they are scheduled to meet 6 times per year. I say "scheduled to meet" because at least once I have to cancel b/c no one can come. As I understand it, one of the main reasons for their existence is to also serve as the audit committee and in this role they attend the pre-audit and the post-audit. We do review the audit with them in detail and also review any management letter comments as well (we always have a few). They review the forecast before the spring and fall submissions and also attend the Board meeting where we do budget review before we adopt appropriations. We reviewed HB 66 with them and the changes in the tangible tax. We have shared health insurance information as it materialized during negotiations. We have a meeting on Wednesday of this week and I am explaining how to understand their tax bill since we just finished reappraisal here in Hamilton County and there was a giant article in the Cincinnati Enquirer last Sunday blaming tax increases on schools. For us specifically – we have not been on the ballot since 1997 and our effective millage rate went from 16.82 to 14.31 . . . so I think this is a good idea for this meeting. Anyway, as you can tell we use the group as a forum to discuss and explain "current events" – so to speak. The group is very small, but the Board has tried to get some heavy hitters in the community.

21. We meet approximately once a month to review finances / forecast / appropriations / construction financing / investments.

22. The real purpose of the committee is to satisfy Auditor of State requirements that you have a committee. I too struggle with the purpose of this committee, but when auditors ask at audit time, I can tell them that we meet at least once a year to cover the 4502. I also periodically talk with them one on one about various school finance issues, but due to the complex issues regarding state funding, it is difficult to get them very much involved. I would be interested in what other Treasurers do with their committees.

23. We had a financial advisory committee in Bay Village to review audit recommendations. This was a recommendation of a previous audit. Last year we dissolved the committee. The learning curve was such that it was time prohibitive. We even had accountants and financial people on the team... We have five board members that are elected and represent the community in school matters. We have, in the past, had ad hoc committees that were used during levy campaigns to gather local support.

24. Here is a link to our district website outlining some issues and reports from our Financial Oversight Committee.

<http://www.beavercreek.k12.oh.us/Treasurer/FOC/foc.htm>

25. I have used the finance committee for different reasons at different times, depending on what it is I wanted to accomplish. The membership will certainly determine for what kinds of things you would use them. If the district isn't trying to run a levy or bond issue, a Business Advisory Committee (BAC) can serve the purpose of finance and PR with regards to the district's finances. If you issue a PAFR, the BAC is a great way to develop that document for your community. Heady issue which would require substantial board time can be better served with a BAC or finance committee. Don't know if this has helped, but the bottom line is that you really need to determine how best to use this committee as a way to achieve your means to an end. Sometimes, the messenger is important i.e your recommendation versus the recommendation of a group of informed citizens. It can be about politics, cultivating/maintaining community trust or just having a think tank to bounce ideas and concept off. It's a little work, but you have a lot to gain, if you can get good people to support you.