

FINANCE COMMITTEE

December 13, 2022 @ 12:30PM

In attendance Mr. Bannister, Mr. Hughes, Dr. Anstadt and myself (obviously).

Investment Update: Interest rates continue to rise, keeping maturities short. Significantly higher interest earnings than last year, earning in a month what we earned all of last year.

SM-2 Report: No Surprises. Reviewed and State aid is on budget. Last year's not a good comparison due to change in state funding. As discussed last year Capital Outlay, negative expenditures reflect a journal entry for technology made in September. Property Tax Allocation being phased out by \$480,000 per year. Budget reserve now \$4.3 million.

Enrollment Report: Report reviewed, self-explanatory. 212 open enrolled students, 155 non-employee students. About \$2,500 per open enrollment student, eventually should be \$7,500. Resident enrollment down 310 students from 2018/2019 (Pre-pandemic). When (or if) state begins funding all students, a decline of 300 students would be a loss of revenue over \$2 million.

If you exclude non-employee open enrollment (155) our enrollment is 6,725. 2 out of 3 past Kindergarten classes were under 480 students and OFCC is forecasting a decline of additional 200 students in future years. As funding (eventually) is generated by enrollment, declining enrollment is a concern especially as staffing continues to increase.

Education – Bank Reconciliation: Takes Jill about 2-3 days, depending upon issues, closing procedures and steps. A great summary of where our cash is maintained.

Food Service: Still too early for a good comparison but currently have a FYTD loss of \$193,000. Food Service Supervisor projects the fund will breakeven this fiscal year.

Healthcare: Been five months but do have a \$331,000 surplus. End of December will have a better gauge on how the fund is doing. We do receive 100% of the pharmacy rebates, recently received \$262,000. Several weekly medical payments have been extremely low, but do not have an explanation. Paramount confident there is not a provider that has yet to submit their charges, states the low payments are correct. I am still hesitant, but time will tell.

Five Year Forecast: Too early, just approved last month. Did receive good news, as we are transporting 2,529 students this year versus 1,992 last year, we will receive additional transportation dollars, possibly \$500,000 increase. Still reviewing, but December #1 payment had the additional dollars.

The comparison worksheets of area districts, have a lot of data. Most are having surpluses. Salaries and benefits should be 80-85%, for local districts like us who utilize ESC contracts, need to increase personnel percentage by 2-3 percent to include purchased services. Our fund balances have been increasing, due to the COVID impact.

Permanent Improvement: Franklin Park Mall revenue decreased, offset by increased interest revenue. After other expenses (equipment, debt service, buses, etc.), remaining funds are used for building improvements. We have \$866,605 this year for improvements. Eventually we will struggle with additional building improvements until we stop setting aside \$750,000 for the new middle school (likely stop in 2026). We do maintain a \$500,000 minimum balance to cover emergencies.

Maintenance of Equity (MOE)- A new requirement to ensure that low income buildings have comparable per pupil increase/decrease expenditures from previous years. This did not happen and Jackman failed to meet MOE. This is due to a data error. We needed to combine Jackman and Wernert to Silver Creek for class scheduling. Although ODE stated they will take the data as of June 30, they did not. They took the data from our report card. Our report card had Jackman at 564 students and Wernert with 17 students. Kadee, I, and others met with ODE and they are unsure how to address it. Especially as there is not a penalty for this, just many meetings to review current data to ensure accuracy.

Timekeeping System: Have yet to meet with Time Clock Plus, their trainer had a family emergency and canceled this week. The meeting is being rescheduled.

Abatement Agreement: Secor Senior Lofts has requested an agreement. We are held harmless and will be on the December 14, 2022 Board agenda. As we are only held harmless if the company pays the abatement, it is very important for us to continue approving abatements that the City follows through when they do not pay. The abatement was terminated (Holland Hospitality) by City Council and will be returning to the tax duplicate for 2021. I have had discussions with the County Auditor and it is in process to be added to not only this year's tax duplicate (2022), but last year too.

Audit: We have been told fieldwork is complete and they are wrapping up the reports. Not sure of any issues yet, but this audit was much different than in the past, they reviewed ESSER extensively. Worker's Compensation Audit is on December 15, not sure what to expect. (Audit complete, some adjustments were made, and we are receiving \$22 refund).

ESSER Update: ESSER I completed and closed out. ESSER II nearly completed expended or encumbered. Although we agreed to only use for Personnel and Technology going forward, I did approve less than \$20,000 in purchased services that curriculum had budgeted and planned. This allowed the grant to have a nearly zero unexpended balance going forward. ESSER III -Curriculum is working on the budget. Nothing but technology and Personnel going forward. Likely will be short dollars in the grant, we are able to use Student Wellness Funds and Possibly IDEA VI-B if needed before going to General Fund before 2024-2025. As we did not move previously ESSER funded positions to General Fund until November, the December personnel costs can be used to estimate how much we still obligated for personnel. We have \$8.1 million remaining, with 19-22 months to go. 19 months by June 30 and 22 months by 9/30.

Wrap Up /Summary: December will be last Finance Committee for the year. Although a treasurer for 26 plus years, the finance committee was new to me. I recognize the importance of the committee and distribution of the financial information, not only to the committee but the entire board. I believe continuity is important on the committee, and members should be rotated, but two years is a good time period to have a better understanding the complexity of our district's finances.