FINANCE COMMITTEE

January 24, 2023 @ 12:30PM

In attendance: Mr. Bannister, Mr. Hughes, Dr. Anstadt, and myself

Standing Items:

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.   Range from 2.36% to 5.46%.

SM-2 Report: No Surprises in December. Reviewed and State aid is on budget except for Transportation. We should be receiving $500,000 due to higher ridership than last year. DPIA funding is supposed to change, unsure of our impact. Personal Services, one less payroll than last year. Benefits reflect healthcare increase. All other expenses, except capital outlay similar to last year. We adjust capital outlay earlier to expend ESSER funds. Unreserved cash is $34.4 million.

Enrollment Report: 225 open enrolled students, 165 non-employee students. About $2,500 per open enrollment student, eventually should be $7,500. Resident enrollment down 329 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 (167) our enrollment is 6,727. 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 significant concern.

Education – W-2: This is recap of our payroll; most items are self-explanatory. Our gross payroll was $55.4 million and we had 1,256 employees. Medicare is required for employees (excludes students) hired prior to April 1, 1986. We only have two regular employees not paying Medicare. Students do not pay. Taxable benefit would be gift cards, Insurance is employee's life insurance that exceeds $50,000.

Equipment – Permanent Improvement budget is $200,000 we added $90,000 for the Wrestling modular unit and we set aside $10,000 for Musical instruments, we have $44,463.87 remaining for equipment. However, Whitmer may need a knew trash compactor this year for $25,000.

Food Service: We prepare a quarterly statement, 12/31/2022. Revenue is down, due to the free lunch for all program ended this year. Salaries are similar but benefits, healthcare increase, is up. Food/Supplies is up, other categories are similar. Food Service Supervisor projects the fund will breakeven this fiscal year and the current activity reflects that appears likely. Good news, we should not expect to have a significant loss.

We are tracking unpaid lunch balances and now have a report. These cannot be offset by food service cash balances. These will follow the student until they graduate. We periodically receive donations to offset some of the unpaid lunches, but due the large amount, donations only reduce slightly.

Healthcare: We prepare a semi-annual statement. Revenue is up reflecting the nearly 20% increase in premiums this year. Also interest earnings will begin to increase. Expenditures are down significantly, $500,000. I actually followed up with Paramount to confirm these numbers were correct, and they are correct. These claims are similar to what occurred two years ago. Hopefully these lower claim costs continue and we and we will end with a surplus this year. As of now we have a surplus of about $260,000. Still likely will require a small premium increase to increase the reserves.

We do receive 100% of the pharmacy rebates, last week we received $319,764, and FYTD we have received $888,458.12. The spreadsheet shows the increases, this is reflective of addressing the dramatic increases in our prescription cost. We had many high dollar prescription drugs and Paramount began utilizing PrudentRx with the large purchases which reduced prescription costs.

We have always bid our insurances and the bids are now out. As we are self-funded we do quote for TPA but also fully insured plans. We have received lower TPA bids, but as Paramount if fully owned by Promedica and receives the largest discount for services, Paramount has always been recommended by Savage. With fully funded plans we are requesting a 3-year commitment, possibly a 2-year with a premium increase. We are also looking at prescriptions, three years ago when we did, Paramount agreed to provide to us 100% of the rebates. As you can see, those are significant dollars we are receiving. Again, the advantage of quoting for these services, you will have competition. Savage assumes Paramount will have the best quotes, as they do not want to lose us, but expect Medical Mutual of Ohio, Anthem and United Healthcare, Aetna, and Signa to be very competitive for our healthcare. Currently employees are required to only utilize Promedica providers. According to Savage, if we go to other carriers, our employees will be able to utilize other systems. This will increase our health insurance costs but does allow our employees to have access to more providers.

Five Year Forecast: Halfway through. 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. Real Estate will be the next large number, which we will have for March. DPIA funding should also increase, at what level is not yet known.

Expenditures are in line, especially salaries and benefits.

Ohio Facilities Construction Commission (OFCC): A meeting scheduled Friday. We will need to consider how much funding we will need to address what OFCC will not fund. We do have PI Funds, $2.75 million by end of next year. We always thought we may need General Funds as well. The movement of Whitmer Drive will also need General Fund dollars as maintenance hut will need to be moved, nearly $1 million. (*After the Finance Committee meeting, we received an estimate from The Collaborative (TCI) of $4 million; and then received a revised estimate of $3.1 million*.) We likely will need to replace the parking lot. Also DIS and warehouse may also be included in a future move. How much we want to commit from General Fund to these projects are the multi-million dollar question.

ESSER Update: ESSER I completed and closed out. Non-public schools did not expend $87.01. As this is a unique grant, not sure what ODE will do. ESSER II nearly completed expended or encumbered. Due to budget shortfalls, we are using on technology and personnel. We will need to continue to monitor 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 prior to 2024-2025.

We have $7.7 million remaining, with 17-20 months to go. Presented a list of who is being charged to ESSER, has not changed. We do have vacancies as well.

Current Items:

Audit: Still wrapping up, two outstanding items involving transportation and ESSER funds. These do not appear to be significant but could be significant enough to impact our chance for another clean audit.

Workers Compensation Audit- A slight adjustment on payroll. We received a $22-dollar credit toward our next premium.

Gross Payroll: This includes January- I share this each quarter. This includes all funds. This reflects base and step increases for 2022-2023 as well as the additional staffing hired this year and last.

Timekeeping System: We have had several meetings with Time Clock Plus, their trainer is very knowledgeable and it's taking a significant additional amount of time for Beckie to gather the data. As she is salary, there is no overtime for her. It appears to be a good system. It is used by Oregon and two years ago Sylvania (who may be switching back). We are shooting for end of February to go live.

Electricity contract: Approved by the Board in February, there has been a rate increase beginning January 2024, will cost us about $215,000 more per year. This will be three-year agreement. We were fortunate to buy on a slight dip previously and this will allow us to have fixed cost for the next three years.

Northwest Ohio Realtors: I received this last week. It is full of information pertaining to our district. Number of sales and sale price, comparison to last year, inventory, etc.

Abatement Agreement: The Benore Lodge was terminated for 2022, collected in 2023. We should be receiving nearly $90,000 in taxes, this is an increase over the $50,118 they were paying. However, 2021 (payment due in 2022) was still delinquent. This termination would have required another TIRC meeting and council approval. We agreed to accept the abatement amount with interest, $53,317.84. The original payment would have been $50,118.49. The hotel is not currently open.

Wrap Up /Summary: Going forward we will need to plan for our forecast. We will need to meet to discuss any possible changes to our forecast. Currently we have flat budgets and no staff increases in our budget, without Board direction that will continue for the May Forecast.