FINANCE COMMITTEE

October 18, 2022 @ 12:30PM

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

Investment Update: Interest rates continue to rise, keeping maturities short. Significant higher interest earnings than last year and forecasted in May 2022 due to significant higher interest rates being earned.

SM-2 Report: Reviewed and State aid is on budget. Last year's not a good comparison due to change in state funding. Personal services 3.6%, currently trending lower than budget, only one additional staff member in General Budget this year pending ESSER review. Insurance benefits up, reflects nearly 20% increase in premiums due to loss in self-funded healthcare fund last year.

Enrollment Report: Report reviewed. 181 funded students. If you exclude non-employee open enrollment (140) our enrollment is 6,764. If you compare to 2019/2020, we are down 272 students. 2 out of 3 past Kindergarten classes were under 480 students and OFCC is forecasting a decline of 200 students. As funding (eventually) is generated by enrollment, declining enrollment is a concern especially as staffing continues to increase.

Education – Final Expenditure Report 9/30/2022: Administration enters program details and budget into CCIP. Budgets are adjusted throughout the year. Excluding ESSER, all Federal grants end (obligated) on June 30, and the obligations (encumbrances) must be liquidated (spent) by September 30. The report, without issues, takes about one hour, and I have about ten to do each year. Reviewed the FER report for VI-B (special education) and how it was prepared. We have two ESSER grants left, ESSER II - $300,000 remaining and ESSER III $9.4 million. ODE is reviewing ESSER I, asking a lot of questions and asking for documentation of the expenditures.

Food Service: Too early for a good comparison as this year we charging for lunches, salaries are up from previous years and supplies. Food Service Fund has a cash balance of $2.9 million.

Timekeeping System: Currently looking at three options. Appears all districts struggle with timekeeping systems that work in their districts. However, due to the volume of timecards received and all of the extra work on the cards, we need to move to a time keeping system and eliminate paper cards.

Healthcare: Been only three months but do have a $48,000 surplus. End of December will have a better gauge on how the fund is doing. As we lost $2.8 million last year in our self-funded healthcare fund, we raised premiums rates by nearly 20%. Hoping for a slight surplus this year but still expect an increase next year to increase cash balance. Prescriptions have stabilized, but still concerned we could have one prescription again that costs over $65,000 per month. We forecasted a 7.5% increase. Healthcare continues to increase as we have more employees on it, we increased by 50 from last year at this time via stop loss summary. We continue to increase in COBRA participants as well. Paramount insurance premiums have increased by 23.6% reflecting high premium rate and increase in number of employees.

Gross Payroll: Increased by 7.71% reflects base increase and steps but also the significant number of new employees. Our number of employees (includes substitutes) increased to 980 from 924 last year and 829 two years ago.

Abatement Agreement. Secor Senior Lofts has requested an agreement. We are held harmless and will be on the November 2, 2022 Board agenda.

Franklin Park Mall: After much discussion with county auditor they have finalized the payment schedules. Unfortunately, the total reduction amount is what we expected. In CY 2023 we will not be receiving a TIF payment as refund exceeds what we receive in TIF payments. Spreadsheet details our revenue loss from prior years and current and future years. Due to refunds and lower payments for Franklin Park Mall taxes, we will be receiving significantly less revenue than forecasted. We will receive $1.6 million this year (2023), $2.3 million in 2024, and $1.5 million in 2025 and future years. It is possible these losses will be reduced due to HB 920, but auditor is unable to determine the impact of HB 920.

Borrowing Options: We may have needs greater than what OFCC provides for a middle school. Previously we planned on a five-year horizon to accumulate cash to assist in the building costs. As it appears to be starting next year, we need to review alternative sources **IF** the OFCC building does not entirely meet our needs. We do have a meeting scheduled with Bond counsel at OSBA in November.

Five-Year Forecast: Was hopeful finance committee could review changes from previous forecast before preparing November's forecast. State aid is about what we forecasted, Franklin Park Mall reduction is significant but higher interest earnings will offset that. Utilities are trending higher. Other budgets will be unchanged. Moving current ESSER expenditures to General Fund will impact our forecast. Likely not total forecasted expenditures as we forecast conservatively. However, as we expect to spend less, we will have a lower fund balance going forward. We will begin to deficit spend but our cash reserves will allow us time to plan. With ESSER covering certain expenses (additional staffing) , we have been able to accumulate cash in General Fund to allow us that time.

Audit Update: We will have three audits occurring on top of ODE questions. The SERS/STRS compliance audit is nearly finished, have not heard of any issues. Just notified that BWC will be auditing us as well. These are random audits. Our regular audit is progressing along, they are onsite much more this year than last year, more questions are occurring.

ESSER Update: $9.2 million remaining to be spent. Initially no update on moving ESSER expenditures to General Fund. After discussion, we will move positions (initially mentioned 5-7) that previously were unfilled in General Fund, to the General Fund. Going forward ESSER only will cover the current personnel and technology costs. The positions moving to General Fund are two associate principals, dean, orchestra position, two counselors and a bus mechanic.

Wrap Up/Summary: Based on Finance committee recommendation, we will be increasing our budget reserve fund (rainy day fund) from $3.6 million to $4.3 million. This is equivalent to about 2 payrolls.