

## **FINANCE COMMITTEE**

**SEPTEMBER 19, 2022 @ 12:30PM**

In attendance Mr. Bannister, Mrs. Martin, and Mr. Fouke. Due to the new meeting date, Dr. Anstadt could not attend as previously scheduled a vacation. Mr. Hughes had a conflict and requested to meet later in the afternoon. Similar discussions were held with Mr. Hughes at 5:00 pm.

September Treasurer Agenda items were reviewed and discussed. Tax Settlement was received and interest earnings continue to increase.

Investment Portfolio of \$15 million generating interest, as significant portion of our investments is less than three months, this will be reinvested at the higher current rates.

SM-2 report was reviewed. Real estate revenue similar to last year. State aid is on budget for the year. Personal Services (Salaries) has only four pays this year versus five, difficult to compare to last year. Benefits have increased to reflect the increase in healthcare costs. We have outstanding encumbrances of \$4.1 million, which is higher than usual. General Fund has unreserved balance of \$60.2 million which is expected due to ESSER spending and change in school funding formula.

Open Enrollment report reviewed, 172 funded students, with no additional staff hired for open enrollment students generating approximately \$415,000 in additional revenue for the district.

Franklin Park Mall refund has been issued. Expect a General Fund refund of \$2.1 million and Franklin Park Mall payments reduced by \$2 million annually. I requested the actual refund amount and reduction in annual revenue from County Auditor. Also, inquired how it will impact both the Tax Increment Financing (TIF) and Real Estate payments. Response received but still need to follow up on specific questions and clarification of the response.

Two abatements to be approved at the October 5, 2022 board meeting. Like all abatements, we will be held harmless. Treasurer will attend the Tax Incentive Review Committee to recommend termination of the Holland Hospitality agreement. They have not paid, even after numerous attempts by City and Treasurer to answer their questions after the new ownership.

Health care contract with Paramount expires on July 1, 2023. As in past years, will be put out to bid. Prescription costs appear to have stabilized, the high dollar prescription (\$65,000 per month) is no longer being ordered. Prudent RX, Paramount's response to the increased prescription drug is helping reduce the monthly costs. We're looking at alternatives, but will now likely just bid for July 1 date. As of August 31, a slight surplus but too early to tell. After four months we will have a better estimate for the year. Our hope is to break even this year. Even if we break even this year, we likely will still have a 5 to 10 percent increase next year due to nationwide healthcare trends. This will cost the district \$450,000 to \$900,000 additional in General Fund expenditures.

District did not initially meet Maintenance of Effort (MOE) for 2022. This is the federal requirement that requires state and local funds to equal or exceed special education expenditures from the prior year. We expended \$13.3 million in 2021 and only expended \$12.5 million in 2022. The majority of the shortfall was due to changes in state funding. The special education scholarships (\$500,000) were paid directly to private schools instead of Washington Local. The other issue was benefits were much lower, assumed due to classroom aides that were in General Fund resigning during the fiscal year and not replaced during the year. Now our aide worksheet will ensure that General Fund aides will be replaced by new aides before

placement in grant funds. We were able to meet MOE due to students who graduated or left Washington Local Schools. We are now in compliance with the MOE requirement.

We reviewed borrowing options but are still researching other options than Tax Anticipation Notes or Certificate of Participating Securities (COPS) and will likely need to reach out to legal counsel. As we progress with middle school planning, will reach out to legal counsel for more specific options. As future state aid is unknown and the significant reduction in Franklin Park Mall revenue there are concerns about borrowing against future revenue. Many districts borrow for HB 264 projects (we paid cash) which limits fund budgets until paid off. However, all options will be explored.

Requested any General Fund changes from Administration by October 1 to allow Finance Committee and/or Board to review prior to any significant changes made from the May 2022 forecast. Directive was to stay off ballot and possibly save for middle school. Interest revenue will be up, State Aid, Property Tax, Casino revenue about what we expected. Expenditures are still early to estimate. There was the first pay for 9-month employees last week, will have more information after the next two or three pays, just too early to estimate. Benefits are way too early, as benefits takes a couple of months to assess the budget. But both are trending lower than the May 2022 forecast. Utilities are trending higher.

ESSER funding and new state aid funding formula are reasons for General Fund surpluses and cash balances. Our plan has been to place any new employee (not replacing a contracted employee), programs, and services into ESSER. Reviewed worksheet of new certified staffing determination. Reviewed ESSER worksheet, similar to previous ones. Yellow highlighted positions eliminated after this year. Last page \$6.3 million in ESSER, 2021/2022 staffing of \$3.7 million and 2022/2023 staffing of \$1.7 million planned on going to General Fund in 2024/2025. This total of \$5.4 million similar to the May 2022 forecast of \$5.3 million. Reviewed the May 2022 Significant items page from the forecast.