

Finance Committee Meeting Minutes

June 14, 2022

The Finance Committee met on Tuesday, June 14, 2022, at the District Office Conference Room. In attendance were committee members Clinton Jackson, *Committee Chair*, Gabrielle Deardorff, and Erica Hermans; administrators Robert Rizzo, *Superintendent*, James Fink, CPA, *Chief Financial Officer*, Mary Davidheiser, *Controller*, Robert Hunter, *Director of Planning, Operations and Facilities*, and Shawn Ryan, *Supervisor of Operations/Facilities*; Board Members Dr. Margaret Wright, Wendy Earle, and Karen Weingarten; and community members Will Cromley attended in person and Steve F on Zoom. Mr. Jackson called the meeting to order at 6:31 p.m.

- Public to be heard on agenda items only: None.
- Review and acceptance of minutes for May 10, 2022: Accepted.
- Executive Reports – 2021/2022 reports through May 31, 2022, reviewed by Mr. Fink
 - Liquidity:
 - Cash balances approximately \$72MM.
 - Revenues:
 - Pacing well as stated before ahead of budget expectations primarily due to EIT and Transfer Tax revenues.
 - Expenditures:
 - Salaries up due to cyber, and overtime for the cleaning staff which is off set by the decrease in outsourced cleaning services.
 - Professional Services for counselors have increased by \$310k and is related to ESSER spend for student supports as previously approved.
 - Property/Capital Purchases is over budget and approximately \$455k is student tech equipment due from ESSER grants as previously approved.
 - Assessments:
 - Increased \$10MM since last meeting.
 - R/E Transfer Taxes Revenue:
 - YTD revenue is \$4.5MM vs \$1.8MM budgeted = \$2.7MM over budget. Mr. Fink stated this is exceptional and likely not repeatable.
 - Yearend is estimated to be above budget by \$3MM.
 - Five-year trend is 2.2MM.
 - Earned Income Taxes:
 - Approximately \$995k above the budgeted amount.
 - Next years budget amount was increased from \$11MM to \$12MM.
 - Self-Funded Health Insurance:
 - Expected to break even at year end.
 - Food Service:
 - 200k more meals served than prior year mainly due to fully subsidized meals.
 - Next year everything is back to normal and expecting participation numbers to go back down to normal.
 - 1.5MM net profit due to increased participation, higher than normal subsidy rates per meal. These funds are to be reinvested in equipment upgrades for 20+ year old equipment.

- Future planning for Food Services:
 - Equipment plan (kitchens).
 - Most equipment was purchased before 2002 and is now 20 years old.
 - Value of kitchen equipment is approximately \$2MM, and is 7-10 year useful life property.
 - Operation needs to generate \$200k/year in surplus (before depreciation) to fund the ongoing equipment needs.
 - Surplus of \$1.5MM will be used to pay for this round of replacements/upgrades.
 - At normal participation levels with normal reimbursement rates the program is forecasted to generate a \$5,000 profit before depreciation. This is well under the required \$200k per year.
 - Discussion around raising meal prices to meet short and long term operational needs:
 - Last price increase was 2012 to the current rates for lunch of \$2.95 elementary / \$3.15 secondary.
 - True break even if we stay same / raise a dime = \$100k (3% increase).
 - Ms. Earle questioned if Aramark fee would increase, and Mr. Fink responded no. Aramark's fees are based on a flat rate per meal sold that is independent of the district's pricing of meals.
 - 17% free and reduced, the majority of which are free and price increases will have no impact to them.
 - Committee going to recommend a 10-cent increase to elementary and secondary pricing, and revisit in 2-3 years.

- Other Committee Business:
 - Mr. Fink had informational items.
 - Tax files have gone out to the tax collectors for bill production.
 - Motion on agenda for Board approval to re-appoint Mr. Fink, CFO to the Office of Board Treasurer. This is an annual recurring motion.
 - Curriculum and Technology agenda item for vendor name change only on the smart panels. There is no funding amount change.

- Board Comment:
 - Ms. Deardorff commented on food service increase and the annual impact on families stating that \$.20 increase would impact a family that buys lunch everyday by \$36.00. A \$.10 change would be \$18.00 per year.

- Public Comment:
 - none

- Meeting adjourned at 6:58 pm