

Finance Committee Minutes
October 17, 2013

Meeting was called to order at 6:30 a.m. at the Pana Unit Office Board Room

Meeting was called to order by Chairman Clint Foor.

Members present: Metzger, Beyers, Foor

Members absent:

Superintendent Present: Yes

Visitors: David Dively, Tom Latonis – Pana News

The committee discussed the following:

1. *Approval of the Minutes from August 1, 2013.* Motion by Beyers; Second by Metzger.

2. *Review FY14 First Quarter Financials* – Dr. Lett reviewed the first quarter financial reports with the Committee. At present, revenues are ahead of expenditures due to tax revenues received. Overall revenues are at 32.98% of the budget and expenditures are at 25.32%. Basically they are on-track for this point in the year. The Treasurer's Report showed that the combined fund balance was \$10,396,829.80. This figure is inflated because it includes the amount needed to pay down QZAB bonds. This amount will probably decrease in the second half of the year. The Investment Report showed the total for all investments at \$1,648,080.61 of which \$1,388,541.65 was in Deb Service (QZAB).

Review of FY15 Budgetary Reductions –Dr. Lett preceded the discussion of potential budgetary reductions by reviewing charts that provided data on district revenue and expenses from 2002 to 2014 and General State Aid Payments for the same time period. He pointed out that when he started his tenure, the district was faced with a \$1.3 million deficit. Due to increases in the foundation level and the annexation of Tower Hill we were able to recover from that deficit. Revenues continue to exceed or at least keep pace with expenses until 2011 when they first prorated GSA. GSA was prorated at 95% in FY12 and 89% for FY13 and 14. The GSA chart illustrated that the district has lost over a \$1million in revenue. The high point was FY2010 at \$6.2 million. The projection for FY14 is \$5.2 million. The early indication for FY15 is that GSA will be prorated at 85%.

Dr. Lett indicated that with this information in mind he is recommending the closure of Jefferson Middle School. He added that not only is revenue a problem, but district enrollment has declined to almost the same level as it was before the annexation of Tower Hill. With the closing of Jefferson, Washington would house grades K-2, Lincoln would be 3-5, Pana Jr. High would be 6-8, and the High School would remain 9-12. He is projecting a savings of approximately \$350,000 from closing Jefferson. He is also projecting an additional savings of \$450,000 for the non-replacement of 5 certified staff positions including the Assistant Superintendent. Total savings will be approximately \$800,000. He will make this recommendation at the regular meeting of the Board. He would like to give them a month to consider the recommendation and vote on it at the November meeting.

3. *Review of FY13 District Financial Audit* – Robin Yockey provided a review of the Annual Financial Report for the Committee. She pointed out that there were no finds in the audit and no management letters needed. Each year a federal program must be tested as part of the audit. This year they tested school lunch. She pointed out that the tentative Financial Score for the district was 3.55 or Recognition. She did add that a Score of 3.53 would be Financial Review so the district was not far from dropping to this category. Dr. Lett added that he anticipates that the district score will drop for FY15. Dr. Lett will review the highlights of the audit with the full board at our regular meeting.

4. *Other Financial Considerations*- There were no other financial considerations discussed at this time.

5. *Next Meeting Date* – The next meeting for the Finance Committee was scheduled for January 16, 2014 at 6:30 a.m. in the Unit Office Board Room.

Having no further business, a motion was made by Metzger and seconded by Beyers to adjourn the meeting of October 17, 2013 at 7:48 a.m.

Member

Member