

## **COMMITTEE OF THE WHOLE BOARD MEETING DECEMBER 3, 2001**

The Board of Directors of the Davenport Community School District in the Counties of Scott and Muscatine, State of Iowa, met as a Committee of the Whole on December 3, 2001, pursuant to law and the rules of said Board. The meeting was held at Adams Elementary School 3029 N. Division Street, Davenport, Iowa, in said school district, in the Media Center. President Hester called the meeting to order at 5:30 PM.

On roll call the following members were present: President Jim Hester, Directors Richard Clewell, Steve Hunter, and Patt Zamora. Director Susan Low arrived at 5:45 and Director Steve Imming arrived at 5:50 PM. No student board members were present for this committee meeting.

### **5:00 PM                      TOUR ADAMS ELEMENTARY FACILITIES**

Bill Good, Director of Support Services, conducted a tour of the facilities at Adams Elementary from 5:00 until 5:30 PM. Some board members and other individuals took the opportunity to visit the building and see new construction areas.

### **5:30 PM                      COMMITTEE OF THE WHOLE**

#### **AUDIT REPORT 2000-2001**

Mr. Dave Cahill from EideBailly, LLP, presented an overview of the 2000-2001 audit as of June 30, 2001. This firm has been auditing the records for the past four to five years, and this year it was emphasized that the report had a different format. The Comprehensive Annual Financial Report (CAFR) will be sent into the government finance officers and their program for certification of our achievements in financial accounting practices. They will review the paperwork and we should be getting a certificate of excellence award. Then the audit will also be submitted to IASBO for their certification program. Mr. Cahill spoke about the introductory section, financial section, statistical section, and compliance section of the report. There was information about our local economic condition and outlook, major initiatives and accomplishments, comprehensive school improvement plans, and financial data anticipating figures for the future. Marsha Tangen completed the narrative that recapped the Enterprise Fund, Debt Administration, Cash Management, Risk Management, Single Audits, and Acknowledgments. The financial section shows statements, notes, and schedules that are the same as reported in the past. Mr. Cahill reviewed pp. 44-46 that is a new section for the Schedule of General Fixed Assets by Source. The statistical section contains numerous tables on taxes, rates, demographics, statistics, major employers, and operating costs per student. The final section on compliance previously was a separate document, but was now included on page 66 and shows that the audit was performed in accordance with government auditing standards.

Mr. Cahill talked about the independent auditor's report letter on page 16 and that page 17 has a new paragraph talking about the statistical section presented for purposes of additional analysis and is not required. The combined balance sheet was reviewed on page 18 with reference to deferred revenue and cash and investments in debt service. Mr. Cahill explained the memorandum regarding \$42.7 million in property tax, government accounting standards, liens due that have to be reported as receivables, the liability section, and construction costs for \$22 million this year because of the Local Option Sales Tax funds for construction work. He discussed the early retirement obligations, and bonds issued for construction. The district was able to get several projects underway for construction through borrowing funds and the students are able to use the facilities now. There was a 5% increase in revenues and expenditures increased because of the capital outlay for renovation work at buildings that increased the amount of debt. The auditors also looked at the grants and regulations that were reported in the compliance section of the document. We are able to better track the fixed assets now through accounting records. The Board also heard briefly about the GASB 34 reporting changes that will be taking place for reporting liabilities and debt. Mr. Cahill complimented Mrs. Tangen, Mrs. Wood, and their staff members for working with them and providing the necessary documentation for this report. Board members had some questions that were answered about the compliance section items.

## BUDGET REDUCTIONS 2001-2002

Dr. Blanche explained the district has not had to do this type of reduction in the middle of the year before. Typically the reductions come at the end of the year. Unfortunately, that is not our situation today. We have done some extraordinary things. This has been very difficult and we know that 80% of our costs are for people's salary and benefits. All of the people involved have names attached and they are involved in important jobs in our district. We will go through each of the following budget reduction measures that have been enacted in an effort to offset as much as possible of the \$2,736,349 budget reduction from the State of Iowa. Dr. Blanche stated the goal was wherever possible to keep the reductions as far away from the students as possible. Our teachers will have the materials they need to do their jobs and essential functions will go on in the buildings.

1. Budget freeze - \$220,000  
Carryover budget from the 2000-01 school year has been encumbered along with 10% of all site budgets, office/department budgets, and professional development budgets. This is considered a conservative estimate. We anticipate this will be larger if we can delay purchases until next year.
2. Administrator retirements - \$180,000  
Four administrators have applied for early retirement mid-year. If these positions are covered internally for the remainder of the 01-02 school year, the district will realize a half-year savings of \$180,000. We won't mention the names until the next agenda comes out. The principals' positions have to be replaced. We will have people in those positions in the interim and there are a number of individuals certified. We will save approximately \$45,000 per employee for the half-year with salary and benefits. We will not be filling the position of the person who replaces each principal.
3. Maintenance staff reduction - \$219,056  
Maintenance positions will be reduced and services performed by these positions will either be contracted for or performed by other employees on staff. Savings represented are for one half year. Bill Good spoke about the controlled agreements and seniority involved. There will be seven positions and five people affected. One of the maintenance positions is not filled now, and one person is retiring. We are re-organizing and will do this function differently. Director Clewell asked about contracting out services. Dr. Blanche said we will look at this and how will we do these functions. An example was given such as mowing grass or shoveling snow. Director Clewell was concerned about interaction with children by individuals who are outsourced. Mr. Good said we have contracted people now such as with the busing services. Seasonal employees are working during the summer and they don't have much contact with students associated with their work. Dr. Zamora wondered how the contracts saved us money, and Mr. Good replied we only hire people when specific work is needed to get a job finished. The cost of contracting out for services needs to be figured into this figure for those expenses, which would adjust the savings.
4. Custodial staff reduction - \$274,000  
Several changes will be taking place within the custodial group that will result in several positions being reduced and hours within buildings being cut back. Savings represented are for one half year. Bill Good explained this impacts one-half of our custodial staff. Eight people will be laid off who are not eight-hour people, and have been with us one year or less. The principals will meet with us and 30-day notices will be sent out. We will have to sit down on a case-by-case basis and figure out what work has to be done and the functions needed. We will maintain the night-time people because they have to be available to do the cleaning when other people are gone. Mr. Good said it was a very complex arrangement where head custodians bump lead custodians. This will make an impact at all of our buildings.
5. Para educator staff reductions - \$100,800  
A formula has been applied to all buildings' regular education para educator hours in relationship to enrollment in order to "standardize" allotted para educator hours. The estimated savings represented are for one half year. They looked at all the para hours and pulled out the 504 and special education mandated paras. Safety is first and they will meet with the principals at each building and share information. Unless there are extraordinary reasons, we will reduce the hours.
6. Classified retirements – (no figure)  
We have received several classified mid-year retirement requests. Savings have yet to be determined for these positions. Some people have submitted letters of early retirement and we don't know if these will need to be filled or left vacant.

7. Custodial and utility costs at Hoover - \$47,000  
Currently custodial services and utilities are paid for at Hoover by the general fund. The program at Hoover is funded entirely by categorical dollars, the majority being Title I. We are exploring the possibility of categorical funding for the custodial and utility costs associated with operating Hoover.
8. Edison Contract Adjustment - \$17,000  
Our contract with Edison is based on the district's amount of realized allowable growth. The 01-02 contract was established by applying a 2.08% increase to the 00-01 contract. Since our realized allowable growth now changes by the funding cut by the state, the contract for 01-02 is reduced by approximately \$17,000. Since 1.48% is our allowable growth, we are adjusting the contract to Edison for this.
9. Travel - \$75,000  
A moratorium has been placed on all travel funded by non-categorical budget. We have already expended 25% of the budget for travel already.
10. Food and Nutrition Services - \$130,858  
Food & Nutrition currently picks up about \$262,000 in costs associated with utilities, maintenance and custodial services afforded the food and nutrition operation. This has been reviewed and has been modified to more accurately reflect costs associated with the operation but currently paid by the general operating fund.
11. Flexibility of categorical funding: \$541,774  
House File 759 authorized increased flexibility regarding the use of technology, school improvement/class size reduction, and Phase III funds. The legislation states that these funds may be used "for any general fund purpose. There was \$291,774 in Phase III carryover from the 00-01 school year that will be used to offset the budget reduction in 01-02. This will NOT affect the amount paid to teachers in 2001-02. There was \$395,000 in State Technology funding carryover from the 00-01 school year and \$250,000 will be used to offset the budget reduction in 01-02.

The Board was told there would be a total reduction of \$1,805,538 from these measures. The amount of our reduction by the State was \$2,736,349, so we still will have a budget shortfall of \$930,811.

President Hester felt the legislators were making us have a wake-up call and look at what we are spending our money on. We will have to learn how to spend our funds differently. We all have a part in this and we have to look at the whole system. He thanked everyone for the work on this difficult project. Director Zamora and Low disagreed with the way the legislators made the drastic cuts in our budget. They felt the legislators should look at what is really important to our State and ask where does education fit into their plan and the quality of life for Iowa. Director Low had concerns about the reduction in the travel allowances because this gives staff members time to interface with others in education and to develop good programs for our children. We need to look at creative ways of reducing our budget, and the reduction in the staff will make everyone work harder. Director Zamora was disappointed in the legislators and the low amount of money per pupil we receive compared with other states. Also coming to us in the middle of the year

## FINANCE DISCUSSION

Marsha Tangen and Claudia Wood reviewed the October Financials. Mrs. Wood stated the report followed the same format as last month and there was not much difference. Director Zamora commented positively on the statement that said the revenues and expenditures are relatively close to budget at this point. President Hester indicated next month the Board will be talking about major budget items to consider for the next school year.

President Hester thanked people for coming to the Committee of the Whole at Adams School. The meeting was adjourned at 6:48 PM.