

Finance Committee Meeting
September 19, 2016
Carlynton Jr.-Sr. High School Library – 7:00-7:30 pm

MINUTES

The meeting was called to order at 7:07 pm by Treasurer Marisa Mendoza. She and Mr. Kirby Christy, Business Manager, led the meeting. Board president Jim Schriver, Vice President Joe Appel and Directors George Honchar, Leeanne O'Brien and Nyra Schell were present for the meeting as well as Superintendent Gary Peiffer.

Director Mendoza began the meeting by explaining the board hopes to be more accountable to the public by creating an open dialogue of financial matters. The goal of the board is to manage finances while upholding a commitment for rigorous academic opportunities for all students.

1. Review of revenue – Mr. Christy said the district receives revenue from three sources: Local, state and federal
2. Revenue sources – Federal monies subsidize about 3.6 percent of the district's revenue, while the State provides 32.8 percent and Local real estate taxes bring in the largest value at 64 percent.
3. Budget timeline – Mr. Christy explained the revenue streams, outlining when the funds come in to the district. The revenue from local real estate taxes comes in the early fall, with a large chunk in September.
4. Act 1 Index – Act 1 of 2016 placed a cap on how much money a board can levy each year with a few exceptions. Those exceptions include the cost of pensions and special education. The board has applied for exceptions the past two years due to increasing costs of pensions and funding for special education. Mr. Christy said the district's revenues have not been meeting expenses.
5. Types of Fund Balance (Unassigned, Assigned, Committed, etc.) – Mr. Christy described ways in which the fund balance can be designated: An Unassigned Fund Balance can be used for anything, with no restrictions. An Assigned Fund Balance is monies set aside for future expenses. Mr. Christy said the State requires school boards to utilize the Assigned Fund Balance designation if the balance in the budget is above eight percent. A Committed Fund Balance is "x" amount of dollars set aside for a specific purpose. A Restricted Fund Balance, as defined by the State, allows the board to designate money for a specific purpose. And a Non-Spendable Fund Balance is earmarked for a specific item. Director Mendoza asked what would define a typical fund balance. Mr. Christy said anywhere between five and 10 percent, but eight percent is the law.
6. Fund Balance vs. Budgetary Reserve – Mr. Christy said there is a difference between the fund balance and the budgetary reserve. The budgetary reserve is for unseen expenditures that may occur and it is viewed as an expenditure line within the budget.
7. Discussion of the State's budget process and the Fair Funding Formula – Mr. Christy said the Fair Funding Formula is a new way of providing districts with "new money." How the money will be allocated to districts is still questionable but alleged that poorer districts will receive the funding. Director Schell did not see the formula as an effective method. Mr. Christy said it is a step in the right direction, but not the best solution.

Director Mendoza summarized the meeting by saying the district is limited by the amount of revenue it receives. The board will need to look at expenditures and make cuts, effectively, in order for educational opportunities to remain strong.

The meeting adjourned at 7:40 pm.