Finance Advisory Council Notes

May 2, 2016

Present: Tom Neitzke, Jacob Whittaker, Bob Erickson, Todd Mooney, Jill Dunkel, Patrick Arling, Michael Baumann, Jaber Alsiddiqui

Jaber's

(A) Fund Balance Policy

- MB presented the draft of the new revised Fund Balance Policy NO. C-95. The Board of Education will ultimately approve the changes to the policy.
- Highlights of the changes:
  - Added language showing compliance with GASB statement NO.54.
  - Use the correct terminology of the fund balance
  - Changes the minimum unassigned fund balance from a range of 4-8% to 5% of the General Fund Expenditure. Also eliminated the language related to the exclusion of categorical funding.

  Q - JD: Why 5%

  A – MB: The 5% is the floor. We can go higher if needed. It was also the consensus of the group to keep it not too high or too low, while having enough to meet future needs. Financial planning also needs to be mindful of bond rating and a key component of analysis and assessment of that rating hinges on fund balance and fund balance management.

  BE: The proposed Policy reference maintaining a Fund Balance of 5% for the current and subsequent year.

  MB: We are in the process of developing a long term budget projection for 5 years.
  - The current definitions are aligned with GASB 54 terminology.
  - Under Item IV: This item shows the district options to prevent the unassigned fund balance to go below 5%

  Q - TM: Do these options have to be considered in the order its written?

  A – MB: They are not in order. The district could choose any one or combinations of the options.

  BE: Put #4 sentence first.

  BE: Asked Michael to discuss enrollment projection.

  MB: We are contracting with demographer Hazel Reinhardt to develop a long term demographic study for the district enrollment showing the impact of the new housing growth. This enrollment growth will be incorporated into the District's long term facility plan.

Q - PA: Where does the OPEB fit with the fund balance policy?
A – JA: OPEB cost is accounted for in the expenditure and the districtwide liabilities.
Q – TM: Would the changes in the stock market impact the OPEB liabilities?
A- JA: We do actuarial study every 2 years. The discount rate used to estimate the future liability is connected to the interest rate, inflation and the overall economy.

BE: Can FAC members reach a consensus on the new policy?
JD: on Item IV, put #4 first so it is clear to the readers.
TN: State the source of the new definitions of the fund balance.

- The group agreed to the new Fund Balance policy

(B) <u>FY17 Budget</u>

- Q - TN: Who will see this presentation?
- A – MB: It will be available online
  Q – TN: What is the utilization rate of our space?
  A – MB: We need to agree on the definition of utilization rate. We use FCI (facility condition index) calculation.
  TN: We need to show the historical trend of class size.
  BE: For the first time in many years the district has a favorable position in our open enrollment numbers.
  JD: Why don't we have class size guideline for our high schools?
  MB: We don't operate with guidelines for high school class size, however, we do monitor and seek to limit class size within the core subject area (Math, English, Science, Social-Studies).
  <u>Review of the GF charts:</u>
  Reviewed the timelines and planning assumptions used in the budget.
  Reviewed Q-Comp on slide 13.
  Paid Transportation: The district changed the maximum charges from 3 to 2 students/per family.
  Q – JD: Is the salary increase being offset by the saving the district has from replacing retired senior staff with new employee?
  A – JA: We considered "rollover savings in our calculation"
  TO: Requested to see the breakdown of the $4.3 million salary increases.
  BE: Portray the history of budget leading to our points, revenue and expenditure differences going forward.