August 17, 2017 5:00 p.m. Special Board Meeting

CALL MEETING TO ORDER/PLEDGE OF ALLEGIANCE (REF. POLICY 1400; 1420)

Brian Kuh, Board Vice President and Director at Large called the Special Board Meeting to order at 5:00 p.m. Meeting guidelines were given to everyone in attendance; public comments are not received during a Special Board Meeting. The Pledge of Allegiance was conducted.

PRESENT -

Brian Kuh, Vice-President
James Stoffer, Director
Robin Henrikson, Director
Michael Howe, Director
Gary Neal, Superintendent
Heidi Hietpas, Finance and Operations
Paul Wieneke, Human Resources
Valorie Knieper, Human Resources

Budget Work Session

2017-2018 Budget PowerPoint presented to Board by Executive Director Heidi Hietpas. Review of enrollment trend showing school years 2010-2011 through 2016-2017 with Actual enrollment numbers. The 2017-2018 school year projections are a reduction in student FTE. Discussion was held regarding the difference in Student FTE, with and without Running Start Enrollment.

Discussion of District Funds with general descriptions: General Fund; Associated Student Body Fund (ASB); Debt Service Fund; Capital Projects Fund; and, Transportation Vehicle Fund. Questions asked about General Fund Balance being under-budgeted for the 2016-2017 School Year. Delay in State Budget discussed. District would like to keep balance to cover salaries and benefits (over \$2,000,000/30 days). There is less than \$2,000,000 in the General Fund Ending Balance. District has requested vendors to put hold on invoices so salaries are covered. Vendors have graciously complied. Discussion on building General Fund and Revenue sources.

Revenue Sources for 2017-18 include: Local Taxes (20.5%); Local Nontax Support (2.1%); State General Purpose (56.2%); State Special Purpose (11.9%); Federal General Purpose (.2%); Federal Special Purpose (8.8%); and Other (.3%). These Sources total \$35,099,771. Review of Revenue History from 2012/2013 School Year through 2017-2018 School Year. Discussion on property taxes being lowered during economy troubles of 2008. If property taxes are not being paid, less funding for school districts. It takes more funding to keep old buildings running. District cannot use EP&O dollars for salaries. Mrs. Hietpas explained the trend is the gradual increase of resources, but also an increase in benefits (health and retirement). Funding formulas do not see increase in funding with increase in costs. Federal Grants usually pay for salaries and benefits of employees working in Federal Programs connected to the Grants. Property Tax rates are different depending on industry of area. Discussion.

Expenditures of Sequim School District: Salaries and Benefits for Certified and Classified Staff; Other Operating Costs for Supplies, Purchased Services, Travel, and Capital Outlay. There has been an increase for all salary contracts. Explanation of Expenditures by Object Codes given by Mrs. Hietpas, including:

Employee Benefits and Payroll Taxes (21.4%); Supplies and Materials (6.5%); Purchased Services (11.1%); Travel (.2%); Capital Outlay (.8%); Certificated Salaries (43.1%); Classified Salaries (16.9%). Discussion.

Presentation of Expenditures by Program comparing 2015-2016 Actual Budget to 2016-2017 Original Budget, and 2017-2018 Proposed Budget. Programs include: Basic Education; Alternative Learning;

Special Education Supplemental by State; Special Education Infant by State; Special Education
Supplemental by Federal; Vocational Basic by State; Vocational 7-8 Basic by State; Vocational by Federal; Disadvantages
ESEA by Federal; School Improvement by Federal; Learning Assistance by State; Special and Pilot Programs by State;
Transitional Bilingual by State; Indian Education by Federal; Compensatory Other by Federal; Summer School; Highly
Capable; Instructional Program Other; Other Community

Services; districtwide Support; School Food Services; Pupil Transportation. There is an increase of funds in LAP funding for poverty areas. Helen Haller Elementary falls within this category. Director Kuh asked threshold of poverty level; 50% per Mrs. Hietpas. There is also a decrease in funding of Indian Education Grant. Chairman Allan of our local tribe is working on increasing funding. Funding is also being recovered with Summer School Student FTE. Discussion of differences between the years.

Heidi Hietpas noted a number of capital projects have been cut from the budget. However, these projects will still need to be addressed. She is working with the Director of Maintenance and Facilities, John McAndie, to define costs of these projects.

Director Henrikson asked as to when projected budget will become actual. Mrs. Hietpas stated normally salary and benefits are encumbered by January and the District will have a better understanding of finances.

Director Stoffer attended a WSSDA conference and learned of possible funding opportunities for capital projects. Will report back to Board with researched findings.

Vice President Kuh stated a concern there is only a nineteen (19) day reserve for salaries and benefits of employees. Mrs. Hietpas agreed, as the recommended reserve should be for two months. Vice President Kuh asked if credit is available, and Mrs. Hietpas stated there are emergency type of loans, or line of credit. The 2016-2017 budget will become actual budget by October 25, 2017.

Mrs. Hietpas stated funding models are so complex. It is taking time to analyze budget. District's need to project four (4) years to OSPI. General discussion.

Vice President Kuh thanked everyone for attending the Special Board Meeting.

ADJOURNMENT At 6:30 p.m., Director Henrikson mo motion carried.	ved to adjourn the	Special Board Meeting. Director Stoffer s	econded. Vote taken;
Heather Short, President	Date	Brian Kuh, Vice President	Date
Gary Neal Superintendent	 Date		