

# RECORD OF PROCEEDINGS

## FINANCE COMMITTEE MEETING

9195

November 17, 2016

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The Gahanna-Jefferson Board of Education Finance Committee met on November 17<sup>th</sup>, at the Gahanna Jefferson Board Office, 160 S. Hamilton Road. The meeting started at 7:00 a.m.

<b>ROLL CALL:</b>	Mr. Matthew Campbell	Absent
	Mr. Joe Gottron	Absent
	Mrs. Daphne Moehring	Present
	Mr. Jason Phillips	Absent
	Mrs. Beryl Piccolantonio	Present

**ADMINISTRATIVE  
STAFF PRESENT:**

Steve Barrett  
Scott Schmidt  
Julio Valladares  
Bobby Dodd  
Kimberly Jonker

**GUESTS:**

Kim Eckert  
Ed Thomas  
Alissa Lopez  
Stephanie Bricker

**MEDIA PRESENT:** None

**Items for Discussion**

- **Review of District Finances Fiscal Year to Date financial activity using the October 2016 Budget to Actual Report**
  - Total revenues are on target. Fiscal Year to Date (FYTD) budgeted revenues are \$38.6 million and FYTD actual revenues are \$38.7 which is 0.08% over budgeted amount.
  - All Other Operating Revenue is behind budgeted amount by \$474,557 due to the timing in collection of taxes from commercial and industrial

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real estate properties that are under a tax incentive plan (TIF). Collections happen twice a year, June and December and the County Auditor monitors these collections. District treasurers who receive TIF collections meet with the Tax Incentive Review Committee once a year to review all TIF agreements and if companies are not performing under their respective TIF agreements, such agreements can be revoked.

- Revenues coming in higher than FYTD budget amounts are: Unrestricted Grants in Aid, Restricted Grants in Aid, Property Tax Allocation, and All Other Financial Sources (refunds from prior year expenditures).
- Total expenditures through FYTD are over budget by \$1.7 million due to the timing of when bills are paid and funds coming in to meet obligations.
- Fiscal Year to Date expenditures are \$31.4 million, which is 17.1% higher than the FYTD estimated amount due, again, to the timing of when expenses occur from one year to another.
- Purchased services is a line item that needs to be closely watched. Superintendent, Steve Barrett, said that this line item is normally our third biggest expenditure other than personnel and benefits. He also mentioned that purchased services is hard to control due to unexpected expenses during any given year, i.e. special education. Additionally, there is never enough funding coming from Federal Government to offset all expenditures for the special education program which also includes services from the ESC.
- Superintendent, Steve Barrett, also mentioned that purchased services over the last three years have been pretty consistent and we are watching expenditures closely.
- The question was asked, "How are we going to manage the rest of the year if expenditures continue to rise?" The answer - Closely watch all purchase orders and reduce them according to priorities. We also meet with each department to evaluate how to reduce spending. This year, the aggregate net department budgets were reduced by \$400,000.

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- Total Supplies & Materials budget for FY17 increased by 70% over FY16 due primarily to the purchasing textbooks.
- The desire is to be transparent to the community and be able to share the effect on teaching and learning with the expenditures allowing us to put the focus where it should be.
- **Appropriation Amendment**
  - At the December board meeting, there will be an appropriation increase for approval under the student activity fund (200) in the amount of \$2,025.00 for two new clubs: International Language Honor Society and LHS Student Ambassadors.
- **Fund to Fund Transfer**
  - Treasurer Valladares presented a Fund to Fund transfer relating to debt payments on the permanent improvement bonds issued in 2015. The transfer is from the PI fund (003) to the debt fund (002) for the payment of principal and interest due in December 2016 and June 2017. This is part of the board approved appropriation budget.
- **Debt/Cash Reserve Policy**

Committee Chair Moehring introduced the topic and stated that our current policy includes a section (6220 - Tax Budget Preparation) that addresses a Budget Reserve Fund with “the amount of the reserve shall be stipulated by Board resolution.” However, our current policy does not have a Debt Policy. Treasurer Valladares led a discussion on the addition of a Debt Policy for the district. In the draft, he presented a more defined Cash Reserve policy section.

  - If policy is adopted, it will allow for a better bond rating or maintain our current bond rating (currently AA2), and it will also allow for attaining a lower interest rate when issuing future debt for building improvements.
  - Discussed the need for a bond levy down the road for building improvements.

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- Discussed what should our reserve balance be. 30 days, 60 days, 90 days or a percentage of revenues, etc. More discussion will happen at the next committee meeting on this topic to determine what should be the adequate reserve amount to maintain a measure of fiscal health.
- Comments were discussed about looking at the funding balance over the last 15 years to see what our cash balance was related to in days.
- We need to try and live within our means.
- 70 days' cash reserve is a healthy balance for some districts but not others.
- We seem to have long cycles between levies because we allow the cash reserve to get down to zero.
- We need to build trust.
- More regulated schedule for levy.
- Daphne looked at policies in different counties to gauge what reserve amounts are being used.
- Is policy or an administrative guideline the best way to approach the cash reserve balance goal? Maybe we should leave policy as is, if that is the case, then develop a board resolution that allows us to build to the optimal goal over a period of 5 or more years.
- Next month the topics will be:
  1. Finalizing Fiscal Beliefs
  2. Continue Discussion of Debt Policy/Cash Reserve

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**ADJOURNMENT**

The finance meeting of the Gahanna-Jefferson Board of Education be adjourned at 8:10 a.m.

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President

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Treasurer