

MINUTES OF THE WORK SESSION OF THE BOARD OF SCHOOL TRUSTEES

MILAN COMMUNITY SCHOOL CORPORATION

AUGUST 18, 2014

The Board of School Trustees met for a work session on the budget at 6:15 p.m. on Monday, August 18, 2014. Attending were Board members Gregory Lewis, Edward Amberger, Randy Kirk and Jason Honeycutt. Timothy Tuttle was absent. Also attending was Superintendent Paul Ketcham. Vice-president Gregory Lewis presided. The meeting opened with the Pledge of Allegiance.

Mr. Ketcham stated he was going to present a detailed review of the 2014 budget and enrollment projection. He noted from 2009 until last year, we have experienced a decline in enrollment. He was excited to report enrollment as of today is at 1191 students and all grades have increased numbers except the second grade. He reminded the Board kindergarten students only count as half on the ADM and we are thus reimbursed by the State accordingly. He also noted we cannot count the special needs grade 13 students on our ADM. He commented there are two ADM counts, one in September and one in February. Due to the recent approval of our early graduation policy, we are losing State funding for those students who graduate in January. This situation is trying to be resolved with the establishment of a dual enrollment program.

Mr. Ketcham presented a detailed report that included the general fund, debt service fund, capital projects fund, transportation fund, bus replacement, and rainy day fund. He stated: *General Fund* – this is income state support and is the largest fund; it is based on sales tax and student enrollment; monies from the fund can be spent on salaries, benefits, utilities and supplies; this is the most important fund to protect and to maintain a healthy balance. *Debt Service* – this is funded by property tax, and a small amount from excise tax, commercial vehicle tax, and bank tax; it is a protected fund to pay any debt the corporation incurs, such as renovations, additions, etc. *Capital Projects* – this is funded by property tax; used for land acquisition, utilities, maintenance, sports facilities, emergencies, etc.; only 5% of the total of this fund can be used for sports facilities; the State determines how much of this fund can be spent on utilities and insurance; it was noted we average about \$25,000 per month for utilities and the total for a year is approximately \$243,000, so by October we have used our allotted money from CPF for utilities and must pay the remainder of the year from the General Fund or the Rainy Day fund; Milan's AV(assessed value) is the

lowest of the twelve schools that belong to the Career Center. *Transportation* – funded by local property tax, can pay for transportation employee salaries, equipment, supplies, fuel, insurance, tires, etc., everything connected to transportation except the purchase of the buses. *Bus Replacement* – used only to purchase buses, we are on a twelve year revolving replacement plan; the DLGF determines how much money a school can generate for this fund; presently, we have a healthy cash balance in this fund. *Rainy Day* – this is maintained by unused money transferred from any of the other funds, except Debt Service, usually from Transportation or Bus Replacement; up to 10% of a fund's balance can be transferred to this fund per year. Mr. Ketcham stated school monies are approximately 73% from sales tax, 12% from property tax, 11% from the federal government and 4% from other sources. He noted everything the legislature does directly affects our schools. Mr. Lewis asked about our present financial situation. Mr. Ketcham stated our finances are healthy and as long as we remain fiscally responsible, we should be able to maintain a healthy balance in all of our funds. He noted assessed values of property determine how much funding the school will get and when new businesses get tax breaks, it hurts the schools. Patron, Mr. Gauck, asked if the school board was permitted to lobby the legislature about the coal to natural gas dilemma. It was noted the local boards are represented by the ISBA and therefore cannot lobby independently. The Board thanked Mr. Ketcham for an informative report.

Mr. Kirk motioned to adjourn the meeting. Seconded by Mr. Amberger. Motion carried 4-0.

Meeting adjourned 6:51 p.m.