

CASCADE PUBLIC SCHOOLS
DISTRICT 3 & B

FINANCE MEETING

Meeting Minutes/Overview
12/8/2017
8:00 a.m.
Board Room

Attendance:

Committee Members:

Blake Standley, Chris Boland, Valerie Fowler, Justin Barnes, Karsen Drury

Others:

Felicia O'Brien, Jodie Campbell, Tracey Creveling

The finance committee was given the attached handout to review the options for the deferred maintenance projects for Fiscal Year 2018.

The information was explained as follows:

1. Overview:
 - a. The first graph shows the fund balances in the applicable funds as of 12/2017.
 - b. The second graph shows the deferred maintenance list that the facilities committee has compiled, the priority the projects fall under and the estimated costs calculated prior to actual invoicing to complete the projects.
2. Page 2 shows the fund balances per the Black Mountain Accounting Software System.
3. Pages 3 & 4 show expenditures to date in all of the aforementioned funds. Only funds 161 (Elementary Building Reserve) & 282 (Interlocal) are shown since there have been no expenditures from the other funds.
4. Pages 5-8 are the invoices from the projects that have been completed to date, including the installation of the furnace/hot water heater system in the south gym & the installation of the PA system. The south gym project does not include the electrical work done by United Electric. The invoice has not been broken out to reflect actual work done, but it is estimated at \$2K-\$4K. The project total on pages 1, 9 & 10 does not include the electrical work for the furnace system project, just the totals from Combustion Service.
5. Option 1 – Intercap Loan
 - a. Upon discussion with the MT Board of Investments, we have learned that the avenue in which we intended to apply for the Intercap Loan will not work. Originally, we intended to apply for a short term loan in our X61 – Building Reserve funds, using our SB 307 Permissive Building Reserve Levy monies over the course of 3 years. Under Intercap Loan guidelines, any loan that is longer than

1 year is considered a long term loan, so the loan would read as 10 years, but the District would be able to pay off the loan in the same intended 3 years, without penalty.


- b. The second roadblock we faced had to do with verbiage in MCA 20-9-503(2)(a), stating that Trustees “may pledge the revenue from the building reserve fund levy for up to 15 years to repay loans used only for projects authorized by the electors of the District pursuant to 20-9-502(2)”. Since the SB 307 levy is permissive, not voted, the verbiage hinders our ability to take on debt in the X61 funds. In talking to Lance Melton from MTSBA, he agreed that this was simply an oversight by lawmakers in the creation and instatement of SB307 which should have been changed to allow use of permissive levy monies. This will be changed in the next Biennium.
 - c. The graphs on Page 9 show how the loan would be financed through the available funds. As you may notice, I have calculated in the \$15,000 of Technology monies the Board reserved at the beginning of the year to use towards the PA System. If the Board desires to continue to reserve this, then the loan amount would be increased.
 - d. In summary, the District could still apply for the InterCap Loan but the terms would read as a 10 year General Fund Debt loan. In labeling it this way, the District would be able to pay the loan off as originally intended, with SB 307 monies, in 3 years. We are able to do so because General Fund Debt loans allow the District to pay back the loan with any legally available funds, which include SB307 monies, with prepayment without penalty.
6. Option 2 – Safety Transfer
- a. This option came about in the conversation with Lance Melton. Under MCA 20-9-236, Districts are allowed to transfer monies from any budgeted or non-budgeted funds, excluding X50 & X14, to the BR fund for purposes of school safety.
 - b. Some of these projects on our list fall under that category, including the PA System and potentially the sound system in the north gym.
 - c. This option would take \$29,464.55 to pay for the PA System (unless the Board wishes to take more for the Sound System) from the X11 – Bus Depreciation Funds and transfer it to our X61 funds under the School Safety Transfer laws. We would be able to finance the remaining projects with monies already on hand in the X28, X29, X61 & 282 funds, without completely depleting X29 in case of other unforeseen issues that may arise.
 - d. The Board can chose any combination of funds to finance these projects. My recommendation is reflected in the graphs shown on Page 10. The last graph on the page shows the remaining fund balances at the end of the year, if the Board should choose this combination of financing.
 - e. The board is not required to pay back the monies transferred from X11, but it is better to replenish the account in the following year which we could easily do with FY19 SB307 funds.
 - f. This option requires board approval for the Safety Transfer.

Summary: The Finance Committee talked over the options and decided that it would be in the District's best interest to choose Option 2 – Safety Transfer to finance the Deferred Maintenance projects for FY18. The exact combination of funds was not established.

The Finance Committee was then presented with information about the FY18 & 19 funding reductions to School Districts by the State. In information given by OPI earlier this week, they informed that the State will be cutting funding even further next fiscal year. The State intends to eliminate all School Block grants, which mostly affect our General Funds, Transportation Funds, and Flex Funds. The State has already made reductions to the Block Grants this fiscal year, which will be taken into consideration for expenditures for the remaining months of the year. In addition, the state will also be reducing or eliminating the State Transportation payment. As of now, they advise us to calculate a 16.3% reduction of this payment, but it has potential to be eliminated altogether. In total the following shows the funding we are projected to lose for FY19, in addition to the funding lost for FY18:

- Elementary:
 - Best Case: \$19,431.09
 - Worst Case: \$33,927.39
- High School:
 - Best Case: \$26,153.73
 - Worst Case: \$40,650.73
- Total:
 - Best Case: \$45,584.84
 - Worst Case: \$74,578.12

This information is ever-changing, so these numbers are only an estimate at this time. The information from OPI is attached as well.


Attest: Karsen Drury, District Clerk

12/8/17
Date