

**MINUTES OF THE MEETING OF THE BOARD OF EDUCATION
OF DISTRICT 497, HELD IN THE LAWRENCE PUBLIC SCHOOLS
INTERACTIVE TECHNOLOGY CENTER,
EDUCATIONAL SUPPORT AND DISTRIBUTION CENTER,
110 McDONALD DRIVE, IN THE CITY OF LAWRENCE**

July 30, 2018

CALL TO ORDER

At 7:00 p.m., Board President Jessica Beeson called to order the special meeting of the Board of Education.

APPROVAL OF AGENDA

Upon a motion by Melissa Johnson, seconded by Kelly Jones the board voted, in a unanimous voice vote, to approve the agenda. Board President Beeson reversed the order of the two items on the agenda, with the board going immediately into executive session.

ROLL CALL

<u>Board Members Present</u>		<u>SLT Members Present</u>
Jessica Beeson, president	Melissa Johnson, vice president	Dr. Anthony Lewis, superintendent of schools
Jill Fincher	G.R. Gordon-Ross	David Cunningham, executive director, human resources/chief legal counsel
Rick Ingram	Kelly Jones	Julie Boyle, executive director, communications
Shannon Kimball	Shannon Kimball	Kathy Johnson, executive director, finance
		Paula Murrish, executive director, nutrition & wellness, printing & purchasing
		Dawn Downing, deputy clerk
<u>Others Present (Including Administration and Staff)</u>		
Samrie Devin	Rick Henry	Elvyn Jones, LJWorld

EXECUTIVE SESSION-NEGOTIATIONS

Upon a motion by Melissa Johnson, seconded by Rick Ingram, the Board of Education voted in an unanimous voice vote to recess to executive session to protect the public interest in negotiating a fair and equitable contract to discuss negotiations, pursuant to the exception for employer-employee negotiations under KOMA, with **Dr. Anthony Lewis, Anna Stubblefield, Jerri Kemble, David Cunningham, Kathy Johnson, Samrie Devin, and Matt Brungardt**, invited to be present; and with the board to return to open session in this room at 7:20 pm with possible action to follow.”

**Board Member Shannon Kimball arrived at 7:12 pm and joined the executive session.*

The board returned at 7:21 pm with no action to follow.

REPORT & APPROVAL~

Kathy Johnson, executive director of finance, provided information regarding the 2018-19 budget. The information is being shared now in order to be approved for publication. The district is required to publish the budget 10 days in advance of a public budget hearing and final approval. As such, at the August 13, 2018 board meeting, we will have the public budget hearing and budget approval. The budget must be certified with the county and Kansas State Department of Education (KSDE) by August 25, 2018.

The 2018-2019 budget will be built based on the prior fiscal year's audited FTE enrollment. The current Base State Aid Per Pupil is \$4,165.

Mrs. Johnson reviewed the fund types that comprise the budget-

- Mill Levy Funds
 - Operating Funds (General Fund, Local Option Budget)
 - Other Levied Funds (Bond & Interest Fund, Capital Outlay, Special Assessments, Adult Basic Education, Cost of Living (COLA))
 - Special Revenue Funds
 - Adult Supplemental
 - Bilingual Education*
 - Virtual Education*
 - Drivers Training
 - Food Service
 - Professional Development Fund
 - Parent Education
 - Summer School
 - Special Education*
 - Career and Post-Secondary Education (Vocational)*
 - Federal Funds
 - Gifts and Grants
 - KPERs Special Liability Retirement Fund
 - At Risk K-12*
 - At Risk 4 Year Old*
 - Other Special Revenue Funds
 - Textbook/Student Materials Revolving Fund
 - Special Reserve Fund (Health Care/Work Comp Reserves)
 - Contingency Reserve Fund
 - Activity Funds (not inclusive of student organizations/clubs)
- *Weighted funds*

The budget is based on a mill rate of 54.626 mills, a decrease of 1.32 mills from 2017-18.

Several key budget factors were reviewed:

- Lawrence student enrollment declined by 47 students from 2016 to 2017, but due to the state's declining enrollment provision, the 2018-19 budget was not adversely affected.
- Wages and benefits make up 81.5% of the school district's general operating funds, excluding federal funds.
- Instead of the 2.4 mill-increase in the bond and interest fund anticipated as a result of voter approval of the \$87 million bond issue in 2017, bond and interest increased by only 1.5 mills.

Budget Report (continued)

- Douglas County’s assessed valuation is estimated to increase 3.552%.
- New funding: \$4,793,401; Unallocated new authority: \$1,883,365.

Mrs. Johnson again shared that school districts must budget “high” for authority, and cannot spend more than the published amount, even if there are revenues that would allow the district to exceed it. To exceed the maximum authority, the budget would have to be republished, and in some cases, certain levied funds cannot be republished. If a published budget authority is exceeded, beyond any reimbursement income, it is a statutory violation and is a financial red flag when agencies such as Moody’s review audited financials for bond ratings. Form Code 99 sets the maximum budget authority and maximum mill levy.

Mrs. Johnson reviewed the funds and provided the 2018-19 General Fund and LOB Legal Max as follows-

• 2018-19 General Fund	\$79,542,141
• 2018-19 Local Option Authority	\$25,701,427
TOTAL	\$105,243,568

**Board Member Jill Fincher departed at 7:57 pm.*

Upon a motion by G.R. Gordon-Ross, seconded by Shannon Kimball, the board voted, in a 6-0 roll call vote, to approve publication of the legal maximum authority of \$105,243, 568 for the 2018-19 budget as proposed and an overall total published budget of all funds, less transfers, is \$170,885,457, maximum mill levy set at 54.626. (See Attachment No. 1)

The budget report can be assessed online at www.usd497.org/schoolboard.

Dr. Lewis thanked Mrs. Johnson for her exemplary work and dedication to making us all aware of our financial responsibilities and reality in regards to our finances. Dr. Lewis explained that when he accepted the job as superintendent and became aware of our deficit spending, this became an area he wanted to address immediately. He stressed the importance of being transparent with our budget and decisions that are made. With the board meetings being recorded, live streamed and stored on our website, Dr. Lewis encouraged the public to watch and share the information and stay informed.

ADJOURNMENT

At 8:10 p.m., a motion was made by Shannon Kimball, seconded by Melissa Johnson, to adjourn the special meeting of the Board of Education. The motion passed by a unanimous voice vote.

Dawn Downing
Deputy Clerk, Board of Education

NOTICE OF HEARING 2018-2019 BUDGET

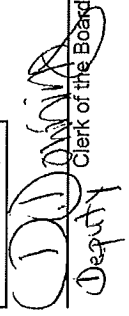
The governing body of Unified School District 497 will meet on the 13th day of August, 2018 at 7:00 pm, at 110 McDonald Drive for the purpose of hearing and answering objections of taxpayers relating to the proposed use of all funds and the amount of tax to be levied. Detailed budget information (including budget profile) is available at ESDC Business Office and will be available at this hearing.

The Amount of 2018 Tax to be Levied and Expenditures (published below) establish the maximum limits of the 2018-2019 Budget. The "Est. Tax Rate" in the far right column, shown for comparative purposes, is subject to slight change depending on final assessed valuation.

Code 99 Line	2016-2017 Actual			2017-2018 Actual			PROPOSED BUDGET 2018-2019		
	Actual Expenditures (1)	Actual Tax Rate* (2)	Actual Expenditures (3)	Actual Tax Rate* (4)	Expenditures (5)	Amount of 2018 Tax to be Levied (6)	Est. Tax Rate* (7)		
OPERATING									
General	78,680,497	20.000	75,429,214	20.000	79,542,141	22,580,198	20.000		
Supplemental General (LOB)	23,507,268	14.245	24,984,670	16.702	25,701,427	17,383,975	14.750		
SPECIAL REVENUE									
Adult Education	401,381	0.247	416,187	0.146	600,000	0	0.000		
Adult Supplemental Education	0		0		25,981				
Bilingual Education	1,788,129		1,135,040		1,350,000				
Virtual Education	4,633,205		4,226,236		6,325,000				
Capital Outlay	13,104,879	7.910	10,390,667	7.802	15,890,720	9,428,723	8.000		
Driver Training	45,190		46,924		105,000				
Extraordinary School Program	0		0		0				
Food Service	4,857,847		4,944,681		6,100,000				
Professional Development	421,468		514,306		800,000				
Parent Education Program	182,766		176,859		300,000				
Summer School	37,585		44,458		115,000				
Special Education	23,950,288		25,997,554		29,118,500				
Career and Postsecondary Education	1,901,470		1,892,432		2,350,000				
Special Liability Expense Fund	0	0.000	0	0.000	0	0	0.000		
School Retirement	0	0.000	0	0.000	0	0	0.000		
Extraordinary Growth Facilities	0	0.000	0	0.000	0	0	0.000		
Special Reserve Fund	11,409,438		12,240,512						
Federal Funds	2,812,118		2,474,659		3,122,094				
Gifts and Grants	508,171		550,742		3,019,128				
At Risk (4Yr Old)	477,170		449,434		590,000				
Cost of Living	1,307,199	1.400	1,181,661	0.865	1,500,000	1,051,265	0.892		
At Risk (K-12)	4,935,284		7,056,053		7,800,000				
Declining Enrollment	0	0.000	0	0.000	0	0	0.000		

Code 99 Line	Fund—Continued	2016-2017 Actual		2017-2018 Actual		PROPOSED BUDGET 2018-2019		
		Actual Expenditures (1)	Actual Tax Rate* (2)	Actual Expenditures (3)	Actual Tax Rate* (4)	Expenditures (5)	Amount of 2018 Tax to be Levied (6)	Est. Tax Rate* (7)
51	KPERS Special Retirement Contribution	5,944,556		9,129,435		13,333,539		
53	Contingency Reserve	2,750,000		711,568				
55	Textbook & Student Material Revolving	749,557		670,360				
56	Activity Fund	0		0				
	DEBT SERVICE							
62	Bond and interest #1	14,383,158	9.500	12,305,651	10.435	15,052,999	12,945,425	10.984
63	Bond and interest #2	0	0.000	0	0.000	0	0	0.000
66	No-Fund Warrant	0	0.000	0	0.000	0	0	0.000
67	Special Assessment	14,462	0.058	6,467	0.000	300,000	0	0.000
68	Temporary Note	0	0.000	0	0.000	0	0	0.000
	COOPERATIVES**							
78	Special Education	0		0		0		
100	TOTAL USD EXPENDITURES	198,803,086	53.360	196,975,770	55.950	213,041,529	63,389,586	54.626
105	Less: Transfers	55,126,031	xxxxxx	50,943,157	xxxxxx	42,156,072	xxxxxx	xxxxxx
110	NET USD EXPENDITURES	143,677,055	xxxxxx	146,932,613	xxxxxx	170,885,457	xxxxxx	xxxxxx
115	TOTAL USD TAXES LEVIED	56,487,886	xxxxxx	62,137,108	xxxxxx	63,389,586	xxxxxx	xxxxxx
	OTHER							
80	Historical Museum	0	0.000	0	0.000	0	0	0.000
82	Public Library Board	0	0.000	0	0.000	0	0	0.000
83	Public Library Board Employee Benefits	0	0.000	0	0.000	0	0	0.000
84	Recreation Commission	0	0.000	0	0.000	0	0	0.000
86	Rec Comm Emp Benefits & Spec Liab	0	0.000	0	0.000	0	0	0.000
120	TOTAL OTHER	0	0.000	0	0.000	0	0	0.000
125	TOTAL TAXES LEVIED	56,487,886		62,137,108		63,389,586		
128	Assessed Valuation - General Fund	\$1,020,289,707		\$1,078,061,594		\$1,129,009,917		
130	Assessed Valuation - All Other Funds	\$1,079,898,829		\$1,138,164,961		\$1,178,590,407		
	Outstanding Indebtedness, July 1							
	2016							
135	General Obligation Bonds	125,905,000		116,310,000		152,530,000		
140	Capital Outlay Bonds	0		0		0		
145	Temporary Note	0		0		0		
150	No-Fund Warrant	0		0		0		
153	Lease Purchase Principal	7,066,024		7,177,859		12,516,716		
155	TOTAL USD DEBT	132,971,024		123,487,859		165,046,716		

* Tax Rates are expressed in Mills
** Sponsoring District Only


Deputy
Clerk of the Board


Resident