



Finance Committee Meeting Minutes

June 28, 2023 | 3:00 p.m. – 4:30 p.m. | Pioneer Center

Members Present: Bob Maxwell, Diane Hodge, Jim Evermann, Nathan Roberts

Members Absent: N/A

New Business:

2023-24 Budget

We reviewed the 2023-24 Recommended Budget for each fund. We discussed the \$2.2M expenditures over revenues in the general fund and the positions we are retaining for learning loss even though the ESSER funds have expired. This is part of the reason we are over by \$2.2M.

We discussed all funds including the capital projects and transportation vehicle funds. We discussed the need to renovate Pioneer Center and the new requirements for Washington Clean Buildings Performance Standard. We included in the TVF fund enough expenditures to purchase two additional busses in 2023-24.

The budget's four-year projection was discussed. Nathan was concerned when the ending fund balance would stabilize. That would be discussed when we got to the levy.

2025 Levy Discussion

The committee reviewed our state allocation expenditures and revenues. Our expenditures exceed our state revenue by \$1,540,891. We also reviewed the same information for our levy sub fund 1. Our expenditures exceed our revenue by \$685,167. This totals the \$2,226,058 in revenue vs. expenditures in the 2023-4 budget.

I reviewed the increase in utilities over the past three years. They have increased \$546k over the last two fiscal years and there is going to be a 20% increase starting June 1, 2023.

Staffing and new positions were reviewed again. Our budget consists of 85.03% spent on salaries and benefits. Our budgeted staff for 2023-24 is 327.8 FTE. We reviewed state allocated funding versus budgeted expenditures. Our budgeted expenditures exceed our state funding by \$7.3M in programs 01 and 97.

The finance committee reviewed and approved increasing the 2025 – 2029 levy from \$5.3M to \$6.3M to cover the excess costs to maintain expenditures. We have not increased our levy in 11 years since 2014.

Lease Threshold

The 2021-22 audit recommendation was presented to the committee to discuss Policy 6801 -Capital Assets/Theft-Sensitive Assets with our lease capitalization threshold set at 1% of prior year expenditures. The auditor is recommending the district strengthen its internal controls to evaluate its lease capitalization threshold and ensure it establishes thresholds following the School District Accounting Manual. Specifically ensure the District thresholds are small enough so that the total amount of leases excluded from reporting are not significant to the financial statements and fixed amounts can be applied consistently throughout the fiscal period and from year to year. The auditor further recommends the District use its complete lease inventory to help establish a threshold that ensures all leases that are under their established threshold do not add up to a significant amount.

After further discussion, Nathan and Jim recommended we keep our current policy at the 1% threshold as it provides the internal controls we need for our lease threshold. We discussed the number of leases and what qualifies as a lease. Currently our threshold would be approximately \$320,000 and we are well under that threshold for leases.