



Minutes/ December 9, 2013

The Board of Trustees of School District Five of Lexington and Richland Counties met at The Center for Advanced Technical Studies with the following members present:

Mrs. Beth Burn Watson, Chairman
Mr. Robert Gantt, Vice Chairman
Mrs. Ellen Baumgardner, Secretary
Mrs. Jondy Loveless
Mr. Jim Turner
Mr. Ed White
Dr. Stephen Hefner, District Superintendent

The following staff were in attendance:

Dr. Angela Bain, Chief Human Resource Services Officer
Mr. Mark Bounds, Chief Information Officer
Dr. Karl Fulmer, Chief Financial Services Officer
Mr. Michael Harris, Chief Student Services Officer
Dr. Christina Melton, Chief Instructional Services Officer
Mr. Keith McAlister, Director of New Design and Construction

Chairman Beth Watson called the meeting to order and gave welcoming remarks.

The Invocation was given by Jondy Loveless. The Pledge of Allegiance was led by Sam Rennick, a senior at Dutch Fork High School.

The School Board Spotlight was led by Beth Watson, Robert Gantt and Ellen Baumgardner.

A welcome and brief overview of the Champions of the Environment program was given by Dr. Bob Couch, Director of The Center for Advanced Technical Studies.

During the Superintendent's Report, Dr. Hefner made a special recognition of Dr. Karl Fulmer; Dr. Christina Melton gave a Choice update; and Dr. Karl Fulmer presented the monthly financial reports (Exhibit B).

During the public participation, Kim Murphy spoke regarding the budget.

Dr. Fulmer presented a proposed resolution authorizing the School District to reimburse certain expenditures prior to the issuance by the School District of its tax-exempt debt (Exhibit G).

A = Absent
AB = Abstain
N = No
X = Yes
R = Recuse

SCHOOL DISTRICT FIVE
OF
LEXINGTON AND RICHLAND COUNTIES

Meeting of December 9, 2013

		B A U M G A R D N E R	G A N T T	L O V E L E S S		T U R N E R	W A T S O N	W H I T E	
1.	M. Loveless Enter executive session to consider the following: a) selected employment items (Exhibit A); b) a contractual matter regarding lease of property; and c) update on Freedom from Religion Foundation vs. School District Five of Lexington and Richland Counties	S. Baumgardner	X	X	X		X	A	X
2.	M. Gantt Approve the agenda	S. Baumgardner	X	X	X		X	X	X
3.	M. Baumgardner Approve the minutes of the November 11, 2013 board meeting	S. Loveless	X	X	X		X	X	X
4.	M. Gantt Approve the selected employment items (Exhibit A)	S. Baumgardner	X	X	X		X	X	X
5.	M. Loveless Approve awarding the early site package for the new middle school to the lowest responsive, responsible bidder for an amount not to exceed \$3,046,000.00	S. Baumgardner	X	X	X		X	X	X
6.	M. Gantt Second reading approval of proposed revisions to "E" board policies (Exhibit D): replace EE "Food Services Management" and EEA "Free and Reduced Price Food Service" with EF "Food Services"; add EFE "Competitive Food Sales/Vending Machines"; and add EGAD "Copyright Compliance" and EGAD-R "Copyright Compliance"	S. Turner	X	X	X		X	X	X
7.	M. Baumgardner Second reading approval of proposed revisions to "I" board policies (Exhibit E): replace IFAB "Supplementary	S. Turner	X	X	X		X	X	X

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		B A U M G A R D N E R	G A N T T	L O V E L E S S		T U R N E R	W A T S O N	W H I T E
Materials Selection, Adoption and Use" and IFAB-R "Supplementary Materials Selection Adoption and Use" with IJK "Supplementary Materials Selection and Adoption"								
8.	M. Baumgardner S. Turner Second reading approval of proposed revisions to "K" board policies (Exhibit F): replace KF-E(1) "Hourly Fee Schedule for Selected Use of District Five Facilities" with KF-E(1) "Hourly Fee Schedule for Selected Use of District Five Facilities"	X	X	X		X	X	X
9.	M. Baumgardner S. Loveless Adjourn at 8 p.m.	X	X	X		X	X	X

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First let me compliment you on the excellent perceptive question you asked about Table 2 in the Statistical Section of the CAFR.

Alan Grimsley, my staff, and I have all looked at Table 2 as related to your question and agree that the change you see in the Net(Expense) Revenue from FY 2012 to FY 2013 is related primarily to the increase in bonded debt, related interest expense, and increased salary costs. While there are other factors that also contribute, the increase in bonded debt and related interest expense are the dominate ones. We do not believe that this would necessarily indicate a trend.

Also worth noting, this is also the fiscal year that the Center for Advanced Technical Studies opened.

Please contact Alan or us if you have additional questions or wish to have additional discussion regarding Table 2.

Attachment 1 is included with
the minutes of the 12-9-13
meeting, at the request of Board member
JIM TURNER
pursuant to S.C. Code Ann. §30-4-90(a)(4)
and Board Policy BEDG. The Board majority
did not approve, disapprove, or otherwise
act upon the contents of this attachment.

November 17, 2013

Dr. Fulmer, here are my additional questions from the CAFR.

(1) Pages 21, 34

The net change in position in the **Food Service** category was a negative \$347,739. The prior 3 years and 2013 looked like this:

2010 + \$353,798
2011 + \$542,992
2012 + \$402,083
2013 (\$347,739)

The net change in the **After School Program** was up \$98,982. The prior 3 years and 2013 looked like this:

2010 (\$15,548)
2011 +\$58,045
2012 +\$40,979
2013 +\$98,982

Would you comment on the changes from 2012 to 2013 and give your opinion as to the significant differences between the two years?

Answer: The change in food service is related in large part to the state change that mandated the amount of money to be transferred as Indirect Costs to the General Fund from the Food Service Program. Other contributing factors were the significant investments in new freezers and equipment at Dutch Fork High School and Harbison West Elementary Schools. In addition to those costs, the cost of food increased significantly and meals per labor hour were excessive at a number of schools. Since Todd Bedenbaugh joined us in late February, we have made a number of changes in staffing, rebid milk purchases, begun to offer new menus, and are addressing meals per labor hour. We anticipate a better bottom line at the end of this current fiscal year.

After School Programs are managed by the school principals who run them. Fund balances are subject to the programs and services they offer and for which they charge. Fund balances in these programs can be expected to fluctuate. Balances for the last three years appear to be within expected ranges.

(2) Pages 28,30

In the current budget 2013-2014 we reserved \$3,747,745 of the general fund account to balance our budget. In 2012-2013 we set aside \$1,373,422 for the same purpose. Based

on our “transfers” and other revenue, I assume we did not have to use any of our general fund balance in 2012-2013 to balance the budget. Is this correct?

Answer: You are correct.

(3) Pages 38,83

Definitions of Debt Service Fund and School Building Fund.

We collected apx \$27,000,000 from local/state sources for debt service fund. We only used \$10,600,000 and transferred \$15,000,000 to school building Fund. If the debt service fund is for the payment of general long term debt, principal and interest, and the school building fund is for capital projects funded from proceeds of bonds issued and from certain State assistance and grants, why would those funds not remain in the original fund for the future payment of debt?

Answer: The District sold \$15,000,000 in capital eight percent funds in FY 2012-2013. These funds were received by the county and then transferred to the District. All funds collected from property tax for the repayment of bonds are deposited into the county sinking fund for bond repayment. Only proceeds after the sale of bonds are transferred to the District for capital project use.

(4) Total instruction cost from 2010-2013 increased from \$84,224,708 to \$90,147,592, a total of \$5,922,884. Support cost from 2010-2013 increased from \$50,173,352 to \$56,193,435, a total of \$6,020,083. Cost of support up 12%, Instruction up 7% during this time period. Please comment on this variance and is there anything to be made from this sharp differential?

Answer: We opened the Center for Advanced Technical Studies and staffed it with a number of new teachers and teacher transfers. On the support side, we added office support staff, housekeeping, and transportation to move children from the high schools to the center and back to their schools each day. In addition to, and maybe even more important than the opening of the center, was the dramatic increase in fringe costs per employee for retirement and health insurance. Since support staff salaries are generally lower than certified staff, the percent of increase is greater as a part of the total salary.

(5) 2010-2013 CAFR reports for actual total revenue from State and Local sources along with 2014 D5 Revenue budget for State and Local sources:

2010 Actual Revenue	\$130,023,644	Budget	\$134,257,288	(\$4,233,644)
	(\$1,596,132)			
2011 Actual Revenue	\$131,619,776	Budget	\$135,607,283	(\$3,987,507)
	+ \$9,775,953			
2012 Actual Revenue	\$141,395,729	Budget	\$139,271,040	+\$2,124,689

+ \$3,206,561

2013 Actual Revenue \$144,602,292 Budget \$145,968,998 (\$1,366,706)

+ \$6,300,862

2014 \$150,903,154 Current Revenue Budget State and Local only.

At this stage in the current year, not quite half way, how would you assess our local sources revenue YTD? Feel free to wait until the end of November, if it might impact your assessment.

Answer: Revenue to date in local sources is within the expected range. We may have been somewhat aggressive when projecting local revenue. That will depend upon the amount of growth we have during the year. With regard to state sources, I think we over budgeted revenue because I do not anticipate that the state will fund the hold harmless provision for the imputed index of taxpaying ability. That proviso was worth about \$2,000,000 to the district. You will note in the CAFR for last year that they failed to provide those funds to the District. The funds were taken out of the state budget by the Conference Committee. Usually when that happens, one can expect that they will not be funded for the next fiscal year.

I expect that the District will be required to use at least a part of the fund balance budgeted for this fiscal year.

Thank you for your time in this matter.

Jim