

SPECIAL BOARD MEETING  
MARCH 16, 2017  
SCHOOL ADMINISTRATION OFFICE

A special meeting of the Board of Trustees of Mountain Home School District No. 193 was convened at 5:33 p.m., March 16, 2017, at the District Administration Office, 470 North 3<sup>rd</sup> East, Mountain Home, Idaho, in said district, pursuant to authority provided by Title 74, Chapter 2, Section 74-202(4)(c)(6)(b) – Special Meeting of the Board of Trustees, Idaho Code, and pursuant to affirmation by the Clerk that notice of the special meeting had been given to each trustee and had been announced via electronic mail and posted public notice as required by law. A copy of the Notice of a Special Meeting of School Trustees so posted follows:

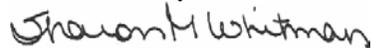
**March 16, 2017**  
**NOTICE OF SPECIAL MEETING WORKSHOP**  
**OVERVIEW OF PUBLIC SCHOOLS FINANCES PROCESS AND DISTRIBUTION WORKSHOP OF**  
**THE BOARD OF TRUSTEES**  
**MOUNTAIN HOME SCHOOL DISTRICT NO. 193**  
**Mountain Home, Elmore County, Idaho**

NOTICE IS HEREBY GIVEN that a special meeting – Overview Public Schools Finances Process & Distribution Workshop, of the Board of Trustees of Mountain Home School District No. 193, will be held on Thursday, March 16, 2017, at 5:30 p.m., at the District Administration Office located at 470 North 3<sup>rd</sup> East, Mountain Home, Idaho, in said District, during which the following business will be conducted:

- I. Overview of Public Schools Finances Process & Distribution Workshop
- II. Adjourn

This Special Meeting of the Board of Trustees of Mountain Home School District No. 193 is called pursuant to Title 74, Chapter 2, Section 74-202(4)(c)(6)(b) – Special Meeting of the Board of Trustees, Idaho Code.

Dated the 8<sup>th</sup> day of March 2017.



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Sharon M. Whitman  
Clerk, School District No. 193  
Mountain Home, Elmore, Idaho

At 5:33 p.m., Chairman Abrego convened the special meeting – trustee workshop of the Board of Trustees to receive and discuss an overview of public schools finances process and distribution.

- I. OVERVIEW OF PUBLIC SCHOOLS FINANCES PROCESS & DISTRIBUTION WORKSHOP**  
– Chairman Abrego asked Mr. Ogborn to come forward to present an overview of public schools finances process and how funds are received, how funds are distributed, the state and federal restrictions regarding funds; assets and liabilities, revenues and expenses, etc. Mr. Ogborn presented the overview.as follows:

**Board of Trustees Financial Overview**

**March 16, 2017**

In this overview, I will be discussing the monthly financial statements, cash versus revenue, cash flow, and things to watch (landmines). I will be starting with the basics and would be happy to give an overview 202 in the future. If there are any items, you want a further explanation of, please let me know before the presentation, and I will include them.

Monthly Financial Statements:

Mtn Home School District # 193						
Financial Report for						
Fund 100						
	<b>Audited</b>	<b>January-17</b>				
<b>Balance Sheet</b>	Jun-16	Y-T-D	Jan-17			
	Balance	Activity	Balance			
<b>Assets</b>						
Cash	959,028	1,739,014	2,698,042			
Investments	251,016	2,548,983	2,799,999			
Receivables	1,716,617	(22,727)	1,693,890			
Inventories	24,818	0	24,818			
Prepaid Expenses	0	74,523	74,523			
<b>Total Assets</b>	<b>2,951,479</b>	<b>4,339,793</b>	<b>7,291,272</b>			
<b>Liabilities</b>						
Interfund Payables	0	0	0			
Trade Accounts Payable	171,571	16,900	188,471			
Salaries Payable	2,483,169	0	2,483,169			
Taxes Payable	113,727	(711)	113,016			
Benefits Payable	0	88	88			
Note Payable	0	0	0			
Reserves	0	0	0			
Deferred Tax Revenue	225,647	(113,728)	111,919			
<b>Total Liabilities</b>	<b>2,994,114</b>	<b>(97,451)</b>	<b>2,896,663</b>			
Fund Balance	71,092	4,323,517	4,394,609			
<b>Total Liabilities &amp; Fund Balance</b>	<b>3,065,206</b>	<b>4,226,066</b>	<b>7,291,272</b>			
<b>Income Statement</b>						
	June-17	Y-T-D	Remaining	Remaining	FY 17	
	Budget	Activity	Budget	Budget	Year-end	
				Percentage	<b>estimate</b>	
<b>Revenues</b>						
Local Revenue	65,000	230,563	(165,563)	-254.71%	78,000	
County Revenue	2,765,000	2,671,590	93,410	3.38%	2,765,000	
State Revenue - Base support	17,685,356	12,673,412	5,011,944	28.34%	17,660,000	
State Revenue - Other	1,193,644	669,522	524,122	43.91%	1,219,000	
Federal revenue	1,000,000	861,039	138,961	13.90%	1,000,000	
Interest on earnings	12,000	15,288	(3,288)	-27.40%	12,000	
Other Revenue	48,000	29,341	18,659	38.87%	35,000	
<b>Total Revenue</b>	<b>22,769,000</b>	<b>17,150,755</b>	<b>5,618,245</b>	<b>24.67%</b>	<b>22,769,000</b>	
<b>Expenses</b>						
Salaries	13,375,000	7,679,413	5,695,587	42.58%	13,375,000	
Benefits	4,945,000	2,706,114	2,238,886	45.28%	4,945,000	
Purchased Services	3,540,000	1,771,690	1,768,310	49.95%	3,540,000	
Supplies	646,000	446,310	199,690	30.91%	646,000	
Capital	8,000	6,341	1,659	20.73%	8,000	
Other	244,000	217,370	26,630	10.91%	244,000	
<b>Total Expenses</b>	<b>22,758,000</b>	<b>12,827,239</b>	<b>9,930,761</b>	<b>43.64%</b>	<b>22,758,000</b>	
Revenues over (under) expenses	11,000	4,323,517			11,000	
<b>FY 2017</b>						
FY 16 Fund Balance		71,092			71,092	
FY 17 Activity		4,323,517			11,000	
estimated June 30, 2017 Fund Balance		4,394,609			82,092	

The financial statements included in the Board consent agenda are for the General Fund only and consist of two separate but linked reports. The first report is the Balance Sheet. This lists the major categories of assets and liabilities that the District has. The assets are cash (cash in the bank), investments (the amount of money in the State Investment Pool), Receivables (money that we are to get between the end of the year and 60 days after) inventories (paper and school office supplies) and prepaid assets (mainly insurance premiums that are paid once at the beginning of the year and spread out over the entire year). The liabilities are Interfund payables (This is not used and will be removed at the end of the year), Trade Accounts Payable (vendor invoices unpaid), Salaries payable (the amount of contracted salaries we owed at the end of June for the remaining two months of contract), Benefits payable (benefits associated with salaries, included with salary liability), Taxes payable (Other liabilities, this will be renamed), Deferred tax revenue (tax revenue that we will receive but August 31). Fund Balance (this is the amount of assets in excess of liabilities).

The columns show the audited June 30 numbers, the current month's balances on the right, and the change from June 30, and the current month in the middle Y-T-D column. The Fund Balance number in the Y-T-D column agrees with the Income Statement Y-T-D profit or loss.

The second report is the income Statement (or profit and loss statement). This shows all the income and expenses that we have had since the beginning of the fiscal year. This report shows the revenue at the top and expenses below, with the excess in revenue over expenses towards the bottom. Revenue is broken out into income by major revenue source. Local revenue (miscellaneous revenue from local activities), County revenue (levy money collected by the County), State Revenue Base Support (foundation payments), State Revenue Other (special distributions), Federal Revenue (Impact Aid), Interest on Earnings (Interest on State Pool and checking accounts), Other Revenue (miscellaneous revenue income offsetting expenses). The first column shows the current year's budget approved by the Board of Trustees. The second column shows the revenue and expenses so far this fiscal year (this is the same number as the change in Fund Balance on the Balance Sheet), the remaining Budget shows the variance between budget and year to date activity. The remaining budget percentage (the percent of the budget that is remaining), Current year Year-end estimate (this will include any changes to the budget estimate if anything occurs during the year of a substantial magnitude).

The activity in these reports is primarily cash transactions that occur during the fiscal year. Each June, the cash receipts and cash outlays are adjusted to include any money we are owed but not received and any obligations we have, but not have paid for. These adjustments are called receivables or accruals, depending on if they are revenues or expenses. The largest of these is contracted salary. If we shut our doors on June 30, we would still owe two month's salary on all certified staff because their contracts run from 9-1 to 8-31. I calculate the next two months of salary we owe them and add it to the current year's expenses. I subtract the prior July and August salary because it has already been added into last year's expenses. This creates a difference between that we paid in cash, and what our salary expense is, because of the salary accrual at year-end. I do this for invoices we receive between July 1 and August 31, and cash we receive during that same window of time.

This information is a good overview of the financial picture of the District on a month-by-month basis. Due to the large year-end adjustments I discussed, there can be large fluctuations in revenues or expenses after I present the June financials and the time the audit is completed. I can easily change the amount and percent of budget remaining to amount and percentage of budget used if that is the Boards preference. I could also add the Current month's prior year to date actual if the Board would like to see how we compare this Y-T-D to the same timeframe last year. I did not want to get too much on a page and complicate what the Board is looking at.

#### Cash Flow

Each month, we monitor cash flow to determine the availability of the District to cover invoices and payroll. The revenue fluctuates greatly while the expenses are more uniform month-to-month. The attached schedule shows estimated cash inflow and outflows on a month-to-month basis.

Estimated General Fund Cash flows FY 16												
	July	August	Sept	October	November	December	January	February	March	April	May	June
<b>Revenues</b>												
Local Revenue	0	0	0	0	0	18,390	0	-500	0	0	5	5
County Revenue	1,062,364	17,673	0	0	0	149,146	1,419,885	39,583	0	30,793	33,976	49,366
State Revenue - Base support	451,835	8,314,895	0	0	3,332,928	0	0	2,932,783	0	0	2,158,803	0
State Revenue - Other	10,953	3,865	228,986	70,852	560	4,431	146,756	249	7,682	6,625	375,144	398,514
Federal revenue	0	0	0	0	0	576,657	0	144,560	174,810	0	0	0
Interest on earnings	2,781	1,852	745	1,148	1,015	991	821	741	1,205	1,552	960	3,772
Other Revenue	21	400	0	0	600	2,287	745	1,558	17	0	1,821	553,692
<b>Total Revenue</b>	<b>1,527,954</b>	<b>8,338,685</b>	<b>229,731</b>	<b>72,000</b>	<b>3,335,103</b>	<b>751,902</b>	<b>1,568,208</b>	<b>3,118,974</b>	<b>183,714</b>	<b>38,970</b>	<b>2,570,710</b>	<b>1,005,349</b>
<b>Expenses</b>												
Salaries	1,036,066	1,021,092	1,073,029	1,094,485	1,119,069	1,067,210	1,071,932	1,078,370	1,093,648	1,084,530	1,240,877	1,199,856
Benefits	466,589	342,220	379,992	382,233	385,804	376,273	377,957	380,744	381,379	379,681	408,631	449,758
Purchased Services	82,663	120,732	296,536	425,461	368,546	313,637	388,739	352,923	383,753	323,149	366,557	364,141
Supplies	29,660	12,532	41,290	44,896	66,503	20,348	55,327	17,473	30,607	89,699	87,045	137,795
Capital	0	74	0	85	0	245	0	0	0	4,500	955	2,112
Other	254,372	152	6,188	1,456	1,509	2,457	1,468	411	1,771	154	125	5,053
<b>Total Expenses</b>	<b>1,869,350</b>	<b>1,496,802</b>	<b>1,797,036</b>	<b>1,948,617</b>	<b>1,941,431</b>	<b>1,780,169</b>	<b>1,895,424</b>	<b>1,829,921</b>	<b>1,891,158</b>	<b>1,881,712</b>	<b>2,104,190</b>	<b>2,158,715</b>
<b>Monthly variance</b>	<b>-341,396</b>	<b>6,841,882</b>	<b>-1,567,305</b>	<b>-1,876,617</b>	<b>1,393,672</b>	<b>-1,028,268</b>	<b>-327,216</b>	<b>1,289,053</b>	<b>-1,707,444</b>	<b>-1,842,742</b>	<b>466,519</b>	<b>-1,153,366</b>

The July cash flow is the most critical in regards to paying the expenses for the month. It is this reason that I wanted to have a revenue anticipation note available to cover the July payroll just in case. The FY 2016

check from the County was received after July 25<sup>th</sup>. Payroll has to have funds available on July 21<sup>st</sup> to cover the taxes and net salary. The County payment should effectively be in August because it does not arrive in time to cover any July expenses. This gives us a realized cash flow deficit in July of \$1,400,000.

#### Operations:

Enrollment is what drives staffing (and thus Salaries and Benefits) as well as funding. The true determinate of revenue and expenses is not the actual enrollment but rather the Average Daily Attendance (ADA) that we have based on the enrollment. Absences decrease revenue but have no corresponding effect on expenses. The State Foundation payments are driven by the 1st reporting period ADA and the Impact Aid voucher uses the prior fiscal years ADA in its calculating mixture. Salaries are committed for the most part in May of the preceding school year by the Master Contract. This is adjusted depending on enrollment after the first few days of school by determining the necessity and placement of staff. We cannot send 6% of a certified staff home if 6% of her class is absent. We hire based on enrollment, which is the maximum number of children in the classroom. If children are absent, the staffing remains the same. ADA is most important during the first reporting period to the State, which ends in early November. We have over the past year, adjusted the calendar to maximize ADA in our District. Before, we had early release days at 11:30, which we suspect, led to lower attendance. Parents and students did not see much value in attending class for less than half of a day. We now have 1:30 dismissals, which count for a full day of school with lunch, and the entire Friday off. This gives students the appearance that the Thursday before the Friday off, is as important as any other full day of school and attendance is important.

#### Revenues

The largest revenue source is the foundation payments by the SDE. As you saw in the cash flow projection, we get five payments per year and they vary widely in amounts. ADA drives the support unit calculation and it is reviewed here in this Support Unit calculation sheet. The age of the students gives different support units. From grades 1-3, 20 students equals one support unit; from grades 4-6, 23 students equals one support unit; and in the secondary 7-12, 18.5 students equals one support unit. Preschool, Bennett, summer school, and Pine are calculated differently. There is a special breakout of ADA for the benefit of special needs students. These are calculated into support units using a divisor of 14.5 instead of the numbers listed above. The lower denominator for students with special needs gives the District another 4.16 support units or \$391,809 in State Funding for school age special needs students and 1.19 support units or \$112,080 for Preschoolers. This recalculation for special needs students is set based on the support units in each age category, regardless of the actual number of such students we have in our district. Currently we have the following table of Special Needs students in our District as of December 1, 2016. This is up in aggregate from FY 2016 of 430 students and down in aggregate from FY 2015 of 450 students.

Summary by Age and Exceptionality																				
FY 2017 December 1 2016																				
Count of Student EDUID	Col																			
Row Labels	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Grand Total	
1 SLD					1	7	7	8	13	8	20	14	12	16	10	4	1	1	122	
2 CI						3	2	4	2	1		3	2	3	5	2			27	
4 Speech	1	4	9	11	4	4	2	1	3			3	2						44	
5 Language	1	4	5	3	5	3	3	1	4	5	2	2	2		1				41	
6 ED					1	1	1	3	4	3	1	2	4	1	3				24	
7 Health Impaired			1			5	3	4	10	11	7	6	6	5	5	3			66	
9 Deaf											2								2	
10 Hearing Impaired		2					1												3	
13 Multiple Dis	1					1	1	1		2	1	1							8	
14 Dev Delayed		9	11	11	9	11	7												58	
15 Autism		1	2	5	1	4	5	3	3	4	1	2	2	2	1	3			39	
Grand Total	3	20	28	30	21	39	32	25	39	34	34	33	30	27	25	12	1	1	434	

Average Daily Attendance (from SDE attendance reports)						
Age category				Budget	FY 2017	FY 2016
Kindergarten				300.95	290.39	321.73
Elementary 1-3				935.26	924.88	930.72
Elementary 4-6				851.92	867.07	884.91
Secondary				1,514.01	1,476.81	1,407.63
				3,602.14	3,559.15	3,544.99
	Budgeted Attendance ratio			92.6%	92.0%	93.3%
Support unit and staffing estimates						
	Enrollment to			FY 2018	FY 2017	FY 2016
Support Units	Divisors version			Supp Units	Supp Units	Supp Units
Kindergarten	40.0			7.52	7.44	8.04
Elem 1-3	20.0	8.5%	-77.70	42.79	42.36	42.58
Elem 4-6	23.0	6.5%	-55.02	34.63	35.31	35.97
Secondary	18.5	6.0%	-85.80	76.93	75.19	71.52
Alternative	12.5					
Adjusted ADA						
Preschool				1.19	1.40	1.19
Elementary 1-3			77.70	5.48	4.99	5.46
Elementary 4-6			55.02	3.82	4.16	3.97
Secondary			85.80	6.26	5.93	5.82
Spec Educ Support units	14.5			16.76	16.47	16.44
Pine				1.00	1.00	1.06
Summer School				1.06	0.61	1.06
Bennett Mtn Alternative	12.0			6.10	5.85	5.21
Total				186.79	184.23	181.89
	protection pooling	-0.04%		(0.07)	(0.07)	(0.07)
Estimated support units				186.71	184.16	181.82
	Support unit # chg			2.55		
	Support unit % chg			1.39%		
				FY 2018	FY 2017	FY 2016
	Allow factor			FTE's	FTE's	FTE's
Certified - Instructional	1.021			190.63	188.03	185.71
Certified - PPS	0.079			14.75	14.55	14.36
Classified	0.375			69.06	69.06	68.21
Admin	0.0750			14.00	13.81	13.64
Allowed FTE's				283.80	281.88	281.92

The Support units are used to determine the entitlement amount, and allowable staff in the foundation payment calculation. Each support unit in FY 2017 is worth \$94,186. The entitlement amount for FY 2017 is \$25,696 per support unit. The allowable salaries are \$68,490 per support unit including benefits. The foundation payment is calculated as follows:

**FOUNDATION PROGRAM CALCULATION  
FEBRUARY 15, 2017**

Mountain Home School District # 193

1. SUPPORT UNITS	184.16
2. ENTITLEMENT @ \$25,886.00 per unit	\$4,732,175.36
3. SALARY APPORTIONMENT	10,801,883.68
4. BENEFIT APPORTIONMENT	2,011,177.33
5. BORDER CONTRACTS	0.00
6. EXCEPTIONAL CONTRACTS, TUITION EQUIVALENCY, SED	83,720.00
7. TRANSPORTATION	920,248.00
8. ADJUSTMENTS	0.00
9. TOTAL SUPPORT (lines 2 through 8)	\$18,349,204.37
10. TOTAL PAID TO DATE INCLUDING THIS PAYMENT	\$16,041,562.13
1. CHARTER SCHOOL JULY ADVANCE PAYMENT	\$0.00
2. AUGUST 15 PAYMENT (General Funds)	8,730,914.00
3. NOVEMBER 15 PAYMENT (General Funds)	3,487,489.00
4. FEBRUARY 15 PAYMENT (General Funds / Dedicated)	0.00
5. MAY 15 PAYMENT (General Funds / Dedicated)	0.00
6. PAID-TO-DATE	\$12,218,403.00
7. AMOUNT DUE THIS PAYMENT	\$3,823,159.13

In addition to the entitlement and salary apportionment, we got \$83,720 for the serious emotionally disturbed (SED) students identified in our district. The transportation reimbursement for the prior year is also listed at \$920,248. These reimbursements are not tied to ADA or support units.

The Salary and benefits apportionment changed a few years ago and the Pupil Personnel Services staff (PPS) are calculated at a different allowance than the Certified. These allowances are not requirements, but more of a number to allocate the \$2 Billion apportionment for education by the legislature to the Districts. This is the first change in the allowances since I started with the District. The allowance for classified and Administration remain unchanged. The Base salary is used to calculate the allowable salary costs for the allowable FTE's. The base salary was reduced in FY 2009 after the economy dipped. We cut positions and days, but left the daily rate the same. The switch to a career ladder by the SDE in funding Districts changed the Base Salary number to a method that is not comparable to prior years and thus is left off of this historical table.

As you can see, Admin base in FY 2017 is lower than what it was in FY 2007, and the classified base is only \$45 higher in FY 2017 than it was in FY 2009. Entitlement is the same in FY 2017 as it was in FY 2009. Although the numbers have, in some cases, rebounded from the economic slide in FY 2008, inflation has made the buying power in 2017 much less than in 2009.

Foundation Payment History						
Year	Entitlement Funding	Admin Base	Certified Base	classified Base		
FY 2017	25,696	34,109			20,421	
FY 2016	23,868	33,116	24,055		19,826	
FY 2015	22,401	32,151	23,354		19,249	
FY 2014	20,000	31,833	23,123		19,058	
FY 2013	19,706	31,833	23,123		19,058	
FY 2012	19,626	31,833	23,123		18,684	
FY 2011	21,795	32,441	23,565		19,041	
FY 2010	25,459	34,705	24,567		19,840	
FY 2009	25,696	36,532	25,231		20,376	
FY 2008	25,442	35,816	24,623		19,783	
FY 2007	25,436	34,776	23,906		19,207	
FY 2006	24,695	33,760	23,210		18,648	
FY 2005	24,242	33,760	23,210		18,648	
FY 2004	24,446	33,760	23,210		18,463	
FY 2003	23,129	33,760	23,210		18,463	
FY 2002	22,935	33,760	23,210		18,463	
FY 2001	24,440	32,000	22,000		17,500	
FY 2000	23,217	30,599	20,915		16,232	
FY 1999	23,260	29,708	20,306		15,759	
FY 1998	19,300	28,843	19,715		15,300	
FY 1997	17,484	28,843	19,715		15,300	
FY 1996	17,046	28,700	19,328		15,000	
FY 1995	14,334	28,700	19,328		15,000	

Effective Date :  
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Idaho State Department of Education  
Basic Education Staffing System  
Salary Based Apportionment and Benefit Apportionment  
Computation

2/1/2017 3:36:41 PM

School Year: 2016 - 2017

District 193 MOUNTAIN HOME DISTRICT

Statewide Information:

Statewide Administrative Staff Index 1.83208  
Statewide Administrative Staff Index Cap 1.86643 100.00%  
PERSI, FICA, MEDICARE Rate 18.97%

District Information:

District Administrative Staff Index 1.73945  
District Admin. Staff Index (adjusted for cap) 1.73945

District Mid-Term Support Units: 184.16  
Instructional / Pupil Service Staffing Percent 7.5%

	Staff Allowance Ratio	Staff Allowance FTE	< 40 Units then + 0.5	< 20 Units then + 0.5	Separate Secondary School Allowance	Adjusted Staff Allowance	Actual FTE	Staff Allowance	Staff Index	Base Salary	Average Salary	Certified Preliminary Salary Based Apportionment
	a	(Units x a) b	c	d	e	(b + c + d + e) f	g	h	i	j	(i x j) k	(h x k) l
Administrative	0.075	13.81200	0.00000			13.81200	15.20000	13.81200	1.73945	34,109.00	59,330.87	819,477.92
Instructional	1.021	188.02736	0.00000	0.00000	0.00000	188.02736	188.31000	188.02736			41,173.68	7,741,778.77
Pupil Services	0.079	14.54864				14.54864	8.00000	14.54864			43,327.26	630,352.73
Subtotal Instructional and Pupil Services						202.57600	194.31000	202.57600				
Non-Certified	0.375	69.06000				69.06000	72.36530	69.06000		20,421.00		
TOTAL:						285.44800	281.87530	285.44800				
		Noncertified Preliminary Salary Based Apportionment (h x j) m	Preliminary Salary Based Apportionment (l + m + n) o	Actual Total Salary q	Salary Based Apportionment Eligible for Benefits Smaller: o or q r	Benefit Apportionment r x 18.97% s	Virtual Allowance (Max 15%) t	Ancillary Allowance u	Salary Based Apportionment Plus Waivers v	Maximum Salary Apportionment w	Salary Based Apportionment & Allowances x	
Administrative			819,477.92	1,113,359.04					819,477.92	819,477.92	819,477.92	
Instructional			7,741,778.77	9,268,064.43			0.00	0.00	7,741,778.77	7,741,778.77	7,741,778.77	
Pupil Services			630,352.73	418,687.00			0.00	0.00	630,352.73	630,352.73	630,352.73	
Subtotal Instructional and Pupil			8,372,131.50	9,686,751.43			0.00	0.00	8,372,131.50	8,372,131.50	8,372,131.50	
Non-Certified		1,410,274.26	1,410,274.26	3,513,829.78					1,410,274.26	1,410,274.26	1,410,274.26	
TOTAL:			10,601,883.68	14,313,941.15	10,601,883.68	2,011,177.33	0.00	0.00			10,601,883.68	

The allowable staff is not what we are limited to hire, but what the SDE uses to uniformly allocate the legislative appropriation between districts. We are currently 8.26 FTE's under the allowance in Certified staff, 3.3 FTE's over the allowance in Classified and 1.39 over the allowance in Administration. Salaries are substantially higher than the allowance. Salaries are \$1,314,621 over the allowance for instructional and PPS, \$293,882 above the allowance for Administration and \$2,103,555 above the allowance for classified. If we hire above the allowable level or pay above the allowance, the funding has to come out of entitlement or other funding sources. The SDE only pays for the FICA, Medicare, and PERSI (18.97%) on the allowable salary. Benefits on the salary above the allowable, workers compensation, healthcare, and sick leave retirement must be paid from entitlement or other sources.

Transportation is reimbursement for the prior fiscal years expense. It excludes athletic trips, field trips, training miles, and maintenance mileage. Of the strictly home to school mileage, the SDE reimburses us 75%, and another 10% comes from a block grant. Any reimbursement paid by other programs is deducted from the allowable mileage the SDE reimburses us for. All non-allowed mileage and the balanced of the home to school mileage must be paid from the entitlement or other sources of revenue.

In addition to the Foundation payments, the SDE pays us for restricted legislature line item appropriations called "Special Distributions." These for the Mountain home School District are:

- College and Career readiness: \$100.00 per student: FY 17 is TBD.
- Continuous Improvement \$4,000 maximum for Board training
- Gifted / Talented-\$3,000 + \$38 per GT student – FY 17 is \$4,484
- Instructional Management-\$300 per support unit-FY 17 is \$32,779
- IT Staffing-\$115 per support unit – FY 17 is \$17,109
- Leadership Premiums-\$1,011 per FTE-Certified bonuses only-FY 16 is \$203,453
- Literacy Proficiency-\$300 per K-3 whose IRI is basic or below-FY 17 is \$177,115
- Limited English Proficiency-\$250 per LEP student –FY 17 was \$42,135
- Math and Science Requirement-FY17 was \$66,700

- Professional Development-\$15,000 + 610 per instructional FTE-FY16 was \$112,306
- Remediation-\$28 per student not proficient on ISAT-FY 16 was \$59,386
- Replacement tax-\$ in lieu of property tax on farm machinery-FY17 was \$15,456  
This is offset by a reduction in property tax
- Safe and Drug Free-\$2,000 + \$13 per full term ADA- FY17 was \$25,036
- Lottery-\$64 per ADA-FY17 was \$235,244
- School Facilities Maintenance match-Verify adequate spending on building maintenance-  
FY17 was \$33,955
- Technology in the classroom - \$20,000 + \$50 per ADA FY17 was \$168,852
- High School Redesign Math & Science FY 2016 was 64,403
- Idaho Reading Initiative – FY 2016 was 31,896

Economic factors in 2008 caused a drastic reduction in SDE funding. We are still not at the 2008 levels in some areas of funding. FY 2017 was the first year to get back to the 2008 level of Entitlement funding. Drastic changes took place in operations of the district as a result of trying to meet the revenue reduction.

Impact Aid has dropped from a high of over \$4,000,000 to a budget of \$1,000,000. This decrease in revenue is supplemented by the biennial Supplemental levy approved by the taxpayers. The vouchers show the calculations for the students whose military parents live and work on the base (line B), children whose military parents live off base but work on the base (line D), children of civilians who work on the base (line G(i)), and children of civilians whose parents work on federal property off the base (line G(ii)). Children with disabilities are shown in section 8003(d). The Impact aid payments are split into two funds, the General Fund, which is unrestricted, and Fund 279. The Fund 279 payment is used to pay for part of the salaries of staff who are involved in the education of the military children with disabilities. On the 2017-1 voucher, the portion of the payment for children with disabilities is 4%. The number of the children of civilians is added to the membership percentage of military connected children and affects the reimbursement to all categories of children. Attached is the Impact Aid voucher for your review.

I will show you the impact of having or not having sufficient civilian students has on the voucher and the subsequent reimbursement. There has been a substantial amount of sabre rattling by the president to offset spending on current programs to pay for the increase in military. I can easily foresee the reduction or even elimination of all Impact Aid to non-DoD schools. DOD (Department of Defense) schools are those located on military bases. In our case, possibly only Impact Aid would be funded for the students attending Stephensen Elementary.

U.S. DEPARTMENT OF EDUCATION OFFICE OF ELEMENTARY AND SECONDARY EDUCATION IMPACT AID PROGRAM WASHINGTON, D.C. 20202-6244  <b>VOUCHER FOR IMPACT AID SECTION 8003 PAYMENTS</b> (TITLE VIII of the Elementary and Secondary Education Act)				Voucher Numbers		Fiscal Year	Date
				348138 2017-1		2017	12/21/2016
				Total ADA	Total Current yr memb	Application Number	
				3,530.84	3,849	22-ID-2017-0201	
LCR				TCE			
				\$5,635.50		\$23,917,000.00	
Duns Number: PR/Award#: Pay Type: Initial County							
Negotiated Ratio	Attendance Ratio=	Prior-Year ADA /	Prior-Year Membership	LOT%	=	TCE%	+ Membership %
	0.91734	3546 /	3865	45.45%		11.36%	34.09%
<b>SECTION 8003(b) BASIC SUPPORT PAYMENT</b>						LOT Percent Paid	100.00%
<b>Category</b>	<b>Membership</b>	<b>ADA</b>	<b>Weight</b>	<b>WSU</b>	<b>Max BSP</b>	<b>Full LOT</b>	<b>Prorated LOT</b>
(A) (i) -Live on Work On Civ		0.00	1.00				
(A) (ii) - Live on For. Mil Official		0.00	1.00				
(B) - Live on Uniformed Services	404	370.61	1.00	370.61	\$2,088,572.66	\$949,256.27	\$949,256.27
(C) - Indian Lands		0.00	1.25				
(D) (i) -Live Off Uniformed Service	507	465.09	0.20	93.02	\$524,214.21	\$238,255.36	\$238,255.36
(D) (ii) - Live off For. Mil Official	0	0.00	0.20				
(E) - Low Rent Housing		0.00	0.10				
(F) - Live On Fed. Property		0.00	0.05				
(G) (i) - Work on in county	312	286.21	0.05	14.31	\$80,644.01	\$36,652.70	\$36,652.70
(G) (ii) - Work on out of county	89	81.64	0.05	4.08	\$22,992.84	\$10,450.25	\$10,450.25
<b>8003(b) Total</b>	<b>1,312</b>	<b>1,203.55</b>		<b>482.02</b>	<b>2,716,423.72</b>	<b>1,234,614.58</b>	<b>1,234,614.58</b>
(A) (ii) - Live on For. Mil Official		0.00	1.00				
(B) - Live on Uniformed Services	30	27.52	1.00	27.52			\$19,264.00
(C) - Indian Lands		0.00	1.00				
(D) (i) -Live Off Uniformed Service	36	33.02	0.50	16.51			\$11,557.00
(D) (ii) - Live off For. Mil Official		0.00	0.50				
<b>8003(d) Total</b>	<b>66</b>	<b>60.54</b>		<b>44.03</b>	<b>CWD Rate Paid:/ WSU \$</b>	<b>700.00</b>	<b>\$30,821.00</b>

County Revenues are derived from taxpayer levies. The Supplemental levy is approved very two years and for a large part, makes up what we have lost in Impact Aid. One this of concern is the continued support of the taxpayers of a supplemental levy, as the reimbursement from the SDE rises; they may be less inclined to maintain the levy at the previous level. It may be important to show some decrease in supplemental levy amounts to reflect the additional funding by the SDE. This of course means that at least some of the SDE increase is a wash if it is offset by a lowering of the Supplemental Levy.

Expenses:

Salaries and Benefits make up approximately 80.5% of the District’s budget. Administration generally holds a few positions in the elementary schools open each summer to determine what the enrollment will be in the fall. If the enrollment falls, then we have not over committed to staffing. If the enrollment increases, then employment offers will be extended to fill the needed positions. It is a juggling act to get the right staff needed with the final enrollment numbers.

I will use some politically incorrect language to differentiate between the salary schedule before FY 2017 and the Salary schedule in FY 2017. I will refer to the FY 2017 salary schedule as the Career Ladder, and the salary schedule before FY 2017 as the Salary Schedule for clarity purposes. The Career ladder in the Mtn. Home School District is properly called Salary Schedule. The conversion to the career ladder this year was made for several reasons. It more closely mirrors the way the State reimburses the District, removes the frozen corner so new teachers can get a raise each year instead of waiting several years, gives incentives for staff to achieve a Masters level degree, and gives new teachers with a Bachelor’s degree incentive to continue their education throughout the ladder. The staff is heavily represented in the higher cells in the bachelors and masters columns. This was indicative of the old salary scale as well.

MHSD Salary Schedule 2016-17			
	BA	BA+24	Masters
Row 1	33,400	34,000	36,000
Row 2	34,650	35,500	38,000
Row 3	35,900	37,000	40,000
Row 4	37,150	38,500	42,000
Row 5	38,400	40,000	44,000
Row 6	39,650	41,500	46,000
Row 7	40,900	43,000	48,000
Row 8	42,150	44,500	49,300
	BA+12		
Row 9	43,000	45,950	50,600
Row 10	43,850	47,400	51,900
Row 11	44,700	48,850	53,200
Row 12	45,550	50,300	54,500
Row 13	46,400	51,450	55,800
Row 14	47,250	52,600	57,100
Row 15	48,100	53,750	58,400
Row 16	48,950	54,900	59,700

MHSD Staff placement 2016-17			
	BA	BA+24	Masters
Row 1	13	-	1
Row 2	33	1	-
Row 3	1	2	6
Row 4	5	-	4
Row 5	-	-	5
Row 6	-	-	4
Row 7	-	-	1
Row 8	4	2	2
Row 9	-	-	6
Row 10	-	1	2
Row 11	-	-	-
Row 12	-	-	-
Row 13	-	-	1
Row 14	1	1	13
Row 15	-	-	25
Row 16	2	26	38

The career ladder allows for more rapid movement up to the top levels and a significant incentive to obtain a Master's degree. As a result of this acceleration up the scale, care must be taken to monitor raises by cell to keep total salaries for certified within the anticipated aggregate budget. The old salary scale had one cell that drove the balance of the salary scale. The career ladder does not necessarily have this same format. No cell is driven by the cell around it, and the difference between cells may expand or contract as situations change.

In the initial estimate of the switch to the career ladder, I calculated it would cost an additional \$160,000 to convert to it for FY 2017. It is difficult to pinpoint the exact impact because of external factors besides the salary tables that impact this change. The biggest change is the turnover of personnel. My calculation is based

on the staff we had in the District during the budget process with known terminations and estimated placement of new hires. There are always additional turnovers and the estimation of new staff placement is just an estimate. Education credits of existing staff are calculated differently on a career ladder than the old salary scale. As staff move from BA+10 to BA+20 on the old scale, they remain in the same lane on the Career Ladder. More staff is encouraged to move to a Masters because of the financial incentives inherent in the career ladder.

The career Ladder was implemented to more closely mirror the reimbursement method the State uses to fund the District. It was designed to give everyone some increase in salary. It has the Board driven effect of giving new employees a raise instead of keeping them at the frozen corner for years if they were on the Career Ladder. The Board wanted significant increases in salary for struggling teachers and the Career Ladder provides this. This will keep us competitive with surrounding districts for qualified staff. The board also wanted a salary scale that showed a significant incentive to obtain a Master's certificate. The Career Ladder provides this incentive.

The cost of the career ladder was a concern, however eliminating the deficiencies of the old salary matrix and implementing educational incentives were the primary focus of moving in this direction. In the future, the Board will need to be aware of the groupings of staff in each row in each lane. As we receive funding from the SDE, across the board percentage increases will greatly benefit those in the high rows and Masters column. We continue to pay higher salaries in the upper cells on the ladder than we are reimbursed by the SDE. A SDE percentage cannot be the same percentage we raise salaries.

The tables on the preceding page show the current Career Ladder and the current placement of staff on that ladder. As you can see, as was pointed out during the conversion process, most staff are grouped in the top three cells of the ladder.

Contract services in the general fund are primarily for special needs students and transportation. The additional contract services for special needs students are paid to CPI for staff to assist students, speech therapists, physical therapists, and occupational therapists. We ask Medicaid to assist in reimbursing expenses allowable under Medicaid regulations. In FY 2016, we received \$517,378 from Medicaid to reimburse us for these type of expenses. We incurred a total of \$3,230,171 in special needs costs in the General Fund alone. We are monitored by the State to comply with Federal guidelines for the amount we spend on special needs students. This monitoring is called Maintenance of Effort (MOE).

Maintenance of Effort requires us to spend as much on special needs children next year as we have spent on them this year. There are two guidelines, either spend as much in aggregate, regardless of the student count; or spend as much per student, regardless of the aggregate amount. There are some exceptions that can be taken into consideration in this calculation, but they are very restrictive. Failure to comply with the MOE guidelines either in actual or in budget, results in the State withholding payment for the IDEA Federal program allocation which is placed into Fund 257.

Supplies are consumable material used by the District during the year. One of the largest single costs is paper. Buildings are allocated money based on the age of the children and the number of children. Below is a table showing the base allocation and the per student allocation for FY 2017. Also is an estimate of the costs that used to be paid by the students in personal supplies or student fees, that are now the responsibility of the District due to the Meridian lawsuit with Mr. Joki regarding a free education.

Mtn. Home School District								
Revised Student Supply Allocation								
FY 16-17								
				FY 17	FY 17			
				Per	Budgeted	FY 17	FY 17	FY 17
			Lump	Student	Student	calculated	Final Building	Student
School			Sum	Budget	Enrollment	Building Alloc	Allocation	supply
MHHS		301	6800	20	930	25,400	25,400	6,000
Bennett Mountain		492	4100	20	90	5,900	5,900	1,000
MHJHS		201	2800	20	575	14,300	14,300	6,000
Hacker Middle School		604	2800	20	596	14,720	14,700	7,000
East Elementary		103	2350	22	455	12,360	12,400	11,400
West Elementary		105	2350	22	428	11,766	11,800	10,700
North Elementary		104	2350	22	438	11,986	12,000	11,000
Stephensen Elementary		102	2350	22	283	8,576	8,600	7,000
Pine		602	2900	24	5	3,020	3,000	3,000
	Total				3800	108,028	108,100	63,100

### Special Revenue Funds

Below is a brief discussion of all of the Special Revenue Funds that are outside the scope of the General Fund as discussed above. These funds are either Board restricted or whose use is restricted by either State or Federal regulations

#### Federal Forest Funds - Fund 220

These are funds that we received through the Craig-Wyden Act in lieu of the funds we would have received had the logging restriction not been imposed. We also receive Department of Defense money that is placed in this fund. The Federal Forest Funding has been cut drastically. In April 2016, we received \$254,589. This funding is in danger of being cut. Our legislators in Washington DC are fighting to keep this program appropriated but its future is far from certain. The money from the Department of Defense was not appropriated one year, but in FY 2016, we received \$168,450. So it is a year-by-year option. This fund is restricted by the Board for technology purchases that include software, internet, and hardware replacement. We replaced half the computers in the school district one year at a cost of about \$480,000. The White House is seriously talking cuts to education.

#### Drivers Education - Fund 241

This fund received its funding from two sources. One source is student fees, and the other source is the State of Idaho. The State caps its reimbursement on the lesser of costs in excess of student fees, or \$125.00 per student. All funds are restricted to this fund for Drivers Education expenses only.

#### Vocational Education – State of Idaho - Fund 243

This fund receives money from the State of Idaho for the vocational classes at the high school and junior high. It is used to pay for salaries and benefits of the additional duties of the staff, as well as equipment used in class. These funds help with the welding and automotive classes. These funds are restricted for the vocational classes only for purchases above the normal classroom costs. We budget this to spend all the money received each year and be at zero at the end of the year.

#### Technology Fund - Fund 245

This fund is used to pay for some salaries and equipment. The State of Idaho makes payments to assist with technology in the classroom. The money can be used for several purposes, but it has to be technology driven. We are paid based on the number of Support Units in the District. We budget this to spend all the money received each year and be at zero at the end of the year.

#### Safe and Drug Free School Fund - Fund 246

This fund is used for security purposes within the District. Vandalism has cost the District thousands of dollars of reimbursable damage over the years. We bought cameras and wiring throughout the District. This fund is restricted for security purchases only.

**Title I-Basic - Fund 251**

This is a Federal Fund to assist children in the schools with reading improvement. The money can be used for salaries and benefits and other costs related to reading improvement in the schools. Restrictions apply as to how the funds can be used, how much any school is allotted, and whether a school is eligible to use the money. 10% of the money in one year can be carried over to the next year if needed, but any deficits must be reimbursed from the General Fund. We budget this to spend all the money received each year and be at zero at the end of the year. In FY 2017, we received a grant of \$802,207.

**Migrant Education - Fund 253**

This is a Federal program with the money being restricted for the betterment of migrant children. We currently use this fund for staffing costs and training of staff that assists Hispanic children and their families. This fund is restricted for migrant education purposes only. We budget this to spend all the money received each year and be at zero at the end of the year. In FY 2017, we received a grant of \$48,296.

**Title I-D - Fund 255**

This fund is a federally restricted fund and a part of the Title I Program described above. The money for this is administered by the District, but is restricted for use by the Sequel TSI Therapeutic Residential Treatment Center for adjudicated and non-adjudicated adolescent males, ages 10-18 years of age, with sexually maladaptive behavior that is located up on the hill for the betterment of their students. The District has to have administrative oversight as the public LEA in which the school resides. We work with Sequel and reimburse them for the expenses they incur within the Title I regulations for their students. This money has historically been used by Sequel for the use according to the Federal Program.

**IDEA School-age - Fund 257**

This is a federally restricted program to reimburse the expenses above and beyond normal classroom expenditures for children with special needs. This fund is flexible in the category of expenses, but they must be above and beyond what is normally spent for a child. This fund is restricted for special needs staff and expenses only. This fund allows 15% of the money in one year to be carried over to the next year if needed, but any deficits must be reimbursed from the General Fund. We budget this to spend all the money received each year and be at zero at the end of the year. In FY 2017, we received a grant of \$773,257.

**IDEA Pre-school - Fund 258**

This fund is a federally restricted fund for the purpose of identifying special needs students and providing services to them before they enter kindergarten. This fund is flexible in the category of expenses, but they must be used for special needs services for children younger than school age. This fund is restricted for special needs staff and expenses only. This fund allows 15% of the money in one year to be carried over to the next year if needed, but any deficits must be reimbursed from the General Fund. We budget this to spend all the money received each year and be at zero at the end of the year. In FY 2015, we received a grant of \$41,798.

**Rural and Low Income Schools Program - Fund 262**

This is a federally restricted grant to provide services to schools in rural setting with more than 20% poverty. The Mountain Home School District is sitting at about 20.4% poverty in the community. It is a year-by-year assessment of whether we qualify or not for this grant appropriation. We budget this to spend all the money received each year and be at zero at the end of the year. In FY 2017, we received a grant of \$80,548.

**Title III Federal LEP Language Acquisition - Fund 270**

This is a federally restricted grant to provide services and reading improvement to English Language Learners (ELL). We budget this to spend all the money received each year and be at zero at the end of the year. In FY 2017, we received a grant of \$23,022.

**Teacher and Principal Quality - Fund 271**

This is a federally restricted grant to provided Professional Development to staff. This grant allows 25% of the money in one year to be carried over to the next year if needed, but any deficits must be reimbursed from the General Fund. We budget this to spend all the money received each year and be at zero at the end of the year. In FY 2017, we received a grant of \$163,943.

**P-L 874 Fund - Fund 279**

This fund gets its revenue from payments on the Impact Aid vouchers. The revenue for Special Needs students is placed in this fund and the salaries and benefits of the staff who educate these students are charged against this fund. All expenses are restricted for the services provided to special needs students.

**Food Service Fund - Fund 290**

This fund gets its revenue from two sources, the Federal Child Nutrition Program (CNP), and student fees. The CNP program pays for students who qualify for free meals, a portion of student's meal who qualify for reduced, and a little of the children who did not qualify under either of these income guidelines. The students who do not qualify for free or reduced status pay a comparable amount for their meals as the Federal program does. All revenue is restricted to be spent on the food, equipment, or facilities related to the food service program.

**Bond Fund - Fund 310**

This fund is where the Bond Levy taxes from the County are placed to pay the Debt Service Payments on the Junior High School bonds. We currently do not have any bonds and this fund is unused.

**Plant Facility Fund - Fund 421**

This fund is where the Plant Facility Levy taxes from the County were placed to pay the construction, renovation, and equipment needs of the District. This levy was renewed by the patrons of Mountain Home in May of 2015 for \$1,000,000 per year for each of the next five years. This fund is restricted for the purposes outlined in the levy ballot at the taxpayer approved levy election. Revenues from this levy have been used for repairs and a new roof at Hacker Middle School.

- II. Adjourn** – All business of the Board having been completed, Chairman Walborn called for a motion to adjourn. A motion from Trustee Binion to adjourn was seconded by Trustee Donahue. Motion passed. Meeting adjourned at 7:36 p.m.

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Chairman Abrego

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Clerk Whitman