

Horry County Board of Education



Horry County Schools

Finance Committee Meeting

Wednesday, October 16, 2019

District Office A-301

Board Members Present

Chris Hardwick, Board Member and Finance Committee Chair
Janet Graham, Board Member and Finance Committee Member
Helen Smith, Board Member and Finance Committee Member
Kenneth Richardson, Board Chair

Staff Present

Rick Maxey, Superintendent
Velna Allen, Chief Officer of Student Services
Mary Anderson, Chief Human Resources Officer
Lisa Bourcier, Public Information Officer
Daryl Brown, Chief Officer of Support Services
John Gardner, Chief Financial Officer
Kenneth Generette, Staff Attorney
Boone Myrick, Chief Academic Officer
Polly Dean, Administrative Assistant

1. WELCOME

Mr. Hardwick called the meeting to order at 12:00 pm and welcomed those in attendance.

2. INTRODUCTIONS

Mr. Hardwick asked everyone in attendance to introduce themselves.

3. ACKNOWLEDGE COMPLIANCE WITH FOIA

As required by SC Law 30-4-80, local news media were informed of the date, time, place, and agenda of this meeting. Copies of the agenda were posted at the District Office and distributed to the schools for posting.

4.REVIEW AND APPROVAL OF AGENDA

Moved by Ms. Smith and seconded by Ms. Graham, the agenda was unanimously approved.

5.NEW BUSINESS

a. Role of the Finance Committee

Mr. Gardner provided the committee with a handout *Role of the Finance Committee* which defines the role and responsibilities of the committee. Mr. Hardwick asked if they had any modifications, deletions or questions. Ms. Smith commented that she felt these are the obligations of the committee and should not be hard for the committee to meet. Mr. Gardner stated that he and Mr. Hardwick wanted to give the committee a road map for what the committee's work would be and that Item#4 – The Personnel Allocation Formulae and the Assumptions & Parameters will be on the agenda in November.

b. Update on 2018-19 General Fund: Fund Balance

Mr. Gardner reviewed the provided handout *Update on 2018-19 General Fund: Fund Balance*. He stated the information will be shared with the full Board at Monday night's meeting. He wanted to give the committee a preliminary review of where the district will stand at the end of the fiscal year. The auditor has completed their field work and currently working on the final reports. Mr. Gardner shared with the committee an analysis of the past three years; 2016-17, 2017-18, and the 2018-19 school years. He explained that the fund balance had increased between the 16-17 and 17-18 school years but due to the board approving utilization of \$9 million to help fund the new HCEC building, the utilization of \$2.8 million to purchase of a bus lot property for the Myrtle Beach and Socastee areas, and the purchase of modulars for SJHS and OBES; the fund balance for the 18-19 school year decreased.

Mr. Gardner went on to explain the assignments of the fund balance. The non-spendable expenditures are done for accounting purposes for Inventories and Prepaid Expenditures. He explained the other assignments that include the Carryover for School Budgets, Central Office Carryover, \$90,000 for Board of Education funds, Modular Classrooms, Reserve for Workers' Compensation and next Year's General Fund budget (2019-2020 budget). Deduct that from our ending fund balance of \$107.8 million there is a total of \$78.8 million in unassigned funds. He also explained the Board has a policy the district is required to reserve a minimum of 15% of the previous year's expenditures which totals \$63,077,146 and that gives us \$15,755,237 available for other needs.

Ms. Smith asked why there was such a large amount in the Carryover School Budgets. Mr. Gardner explained that schools are allocated funds to be used for paper, pencils, supplies, etc. based on their student population. Schools are allowed to carryover the lesser of 10% of their total budget or \$10,000. She also wanted to know some of the reasons why they would have a carryover. Mr. Gardner responded by saying that they just didn't spend the funds and that they could be saving money for additional purchases in the subsequent year.

c. Analysis of School Building Projects

Mr. Gardner stated to the committee that by Friday, they will be receiving a copy of the Quarterly Financial Statement. Included in the Financial Statements are the schedules which are included in the School Building Fund reports:

Other Residual Projects - This is from projects from years ago. As of today, there is \$10,075 available in contingency for unplanned projects. Ms. Smith asked Mr. Gardner to explain the 'Cost to Complete' column.

Technology Projects – Mr. Gardner stated the top two lines belong to him and the rest is Ms. Velna Allen's. This is funded from the \$9.1 million annual appropriation for technology. \$6 million is assigned for the PDL initiative, \$2 million for Technology for Classrooms and \$1.1 million for the Laptop Initiative. Ms. Smith asked if this was a recurring item in the budget every year. Mr. Gardner replied that it was.

Phase IV Building Program -. Currently there is \$2,989 available in contingency but could possibly increase to over \$531,051. Mr. Hardwick asked who determines when and how the contingency monies are spent. Mr. Gardner stated that once Facilities determines a project is completed the amount under Cost to Complete is moved into contingency. He also stated that the annual projects go before the Facilities Committee for approval. If there are projects in excess of the allocation, the request should go to the Finance committee to designate a funding source.

Ms. Smith asked of the projects that were listed, which ones have been completed. Mr. Brown stated the AHS-Blue Jacket Road, New Roof for Maintenance Building, Modular Classrooms, PDES-Playground Repairs, and SHS-Track Renovations have all been completed and should be available for contingency. Mr. Hardwick asked if the contingency funds are ever rolled back into the General Fund. Mr. Gardner replied by saying that all building fund money stays within the building fund. Mr. Hardwick asked if the committee could see a list of the amount of contingency funds in each funding source so the committee could see how much is sitting there. Mr. Gardner remarked the information was highlighted in the reports. Ms. Smith wanted to know what was not completed. Mr. Gardner stated that he and Mr. Brown and the facilities staff would get together to see what projects could be closed out. Ms. Smith stated that as a Board, we should know what our available funds are so that we have that we can appropriate it for some greater need in our district that we keep putting off because lack of funds.

2011-12 Facility Plan – Mr. Gardner commented this was funded from sales tax money. Green Sea Floyds Elementary School was added to the district wide canopy project. Currently, there is no contingency money available.

Short-Term Facilities Plan – Mr. Gardner stated that this was originally budgeted for \$451.6 million and the budget has been revised to \$575.5 million. Part of the Facilities Plan also includes Sustainment, Technology (\$86 million), Building Modifications, Equipment and Emergency Repairs. Currently there is \$106,015 available in owner's contingency. He met with Mr. Wolfe, Mr. Brown

and Mr. McCrary and they went through each project and reduced what they felt comfortable with from the five new schools. These funds were placed in residual funding that can be used for other projects. \$1,310,00 was determined to be available for other projects. Mr. Gardner remarked that once Facilities feels comfortable to close out any of the remaining projects, then all the money can be rolled into the residual funding as a potential funding source for other projects.

Sustainment – Annual allocation of \$6,545,455. Ms. Smith asked how many years this was for. Mr. Gardner remarked – 11 years and runs through 2024. There is \$733,251 available in contingency. Building Modification – Annual allocation of \$5,181,818 with a contingency of \$8,180,274. Out of that Facilities is proposing to utilize \$500,000 for the old MBI School renovation and \$2.4 million for Athletics.

Equipment – Annual allocation of \$454,545.

Emergency Repairs – Annual allocation of \$909,901 with a contingency of \$1,188,333 for emergency repairs. These projects do not go to the Board because they are small in nature.

d. Funding Request for SHS Practice Field

Mr. Hardwick commented he wanted to make a note that every Board member has projects that they want to champion in their cluster of schools with a limited amount of funding. The scope of the Finance Committee has been defined and until a request has gone in front of the Facilities Committee and we determine this is the direction they are taking to the Board, we do not want to look for a funding source for a project prior to this process taking place.

Ms. Smith reported that 2 ½ years ago the community of Socastee asked for some space for a practice field at SHS. The staff has been and looked at it. There is a dire need for some practice space. Space is not being utilized with SES being vacated.

Mr. Hardwick’s question to Ms. Smith was, “Has the Board directed the Finance Committee to look for funding sources for SHS’s practice field?”

Ms. Smith said that it had gone to the Board on the agenda and the only question that was asked in the Board meeting was, “Where’s the money coming from?” Ms. Graham reminded the committee that there was an athletics study being done and why couldn’t it wait until it was completed.

Mr. Hardwick remarked that the Finance Committee has not been directed by the Board to find a funding source for a practice field at SHS. Mr. Hardwick suggested that Ms. Smith take her request to the Facilities Committee meeting for consideration.

e. Funding for Extracurricular Activities

Ms. Smith asked for this item to be added to the agenda but stated that it did not need to be discussed at this time. She said she just wanted to open up a conversation regarding the topic.

She had nothing to present at this time. She noted that more funding would be needed for band uniforms for both high schools and middle schools and that there is a bigger picture than just the band uniforms. She also commented that at some point the committee needs to have some conversation about what it would cost the schools for extracurricular activities at all of the high schools and middle schools. Mr. Richardson commented he had heard they were going to take the band uniform issue through the Curriculum Committee.

f. Education Funding Model

Mr. Gardner informed the committee that the Education Funding Model report had just been released. In review of the four options, none of the scenarios looks good for HCS. The report came out last week and hopefully, he would know more next month. Mr. Hardwick asked if the committee could have a copy of the report. Mr. Gardner will send everyone a link so they could view it on-line.

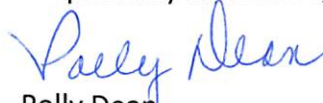
g. Next Meeting

The next meeting will be held Wednesday, November 20, 2019 at 12:00 pm. Items for the agenda will include: Budget Assumptions and Parameters and any suggestions/changes to the Personnel Allocation Formulae. Dr. Maxey asked if Mr. Brown and Mr. Gardner to get together on the budgets for the building projects to clear up what is available for contingency for discussion at the next meeting.

6. ADJOURNMENT

A motion was made by Ms. Graham and seconded by Mr. Smith to adjourn the meeting. The motion carried and Mr. Hardwick adjourned the meeting at 1:10 pm.

Respectfully Submitted,



Polly Dean

Administrative Assistant, Fiscal Services

Approved:
