

**Horseheads Central School District
Community Budget Workshop
Erin Town Hall
February 5, 2015**

Present: Apgar, Boulas, Conklin, Jacobus, Johnson, Lynch, Sadler, Strollo

Also Present: Bracy, Buzzetti, Christiansen, Donahue, Kelly, Marino, Moyer, McDonough, Williams

Absent: Brinthaup

Call to Order: Board President Brian Lynch called the Community Budget Workshop to order at 6:02 PM

Board President's Remarks:

Board President Brian Lynch welcomed everyone to the first Budget Workshop of the year with the next one being held on March 5th at the Big Flats Community Center. Brian explained the guidelines and format of the Workshop as per Board Policy 2370: Public Participation at Board Meetings for Board of Education Community Budget Meetings. He further explained that School Business Administrator Katy Buzzetti will present the Preliminary 2015-2016 School Budget consisting of a Reserve Fund Report, 2008-2014 Overview, Review of the Property Tax Cap Worksheet, 2015-2016 Budget Figures and Five-Year Budget Projections first. There will be an opportunity for the Board to ask questions at the end of the presentation and then the floor will be open to the Public for comments/questions at the conclusion of the presentation. Brian stated the final presentation for tonight will be the Board of Education discussing the 2015-2016 Budget Development Process and Parameters followed by comments from the Public. Brian stated the guidelines for the Public Comments include stating your full name, address and to conduct yourself in a civil manner.

Preliminary 2015-2016 School Budget Presentation

School Business Administrator Katy Buzzetti presented the Preliminary 2015-2016 School Budget consisting of a Reserve Fund Report, 2008-2014 Overview, Review of the Property Tax Cap Worksheet, 2015-2016 Budget Figures and Five-Year Budget Projections to the Board.

Reserve Fund Report

School Business Administrator Katy Buzzetti reported on the Reserve Fund Report noting that as of June 30, 2014, there is a balance of \$17,693 in the Capital Reserve Fund. Katy reported on the Repair Reserve Fund, the Workers' Compensation Reserve, Unemployment Insurance Reserve, Reserve for Tax Reduction, Mandatory Reserve for Debt Service(The District doesn't have.), the Insurance Reserve, Property Loss Reserve and Liability Reserve(The District doesn't have.), Tax Certiorari Reserve(The District is required to pay back if we are not successful in court. We are required to make adjustments to this account before we close the books on June 30th.), Reserve for Insurance Recoveries, Reserve for Encumbrances, Reserve for Inventory(The District doesn't have.), Reserve for Employee Accrued Liability has a balance of \$1,915,870, Reserve for Retirement Contribution(ERS only) and Unreserved-Designated Fund Balance Reserves (How our auditors appropriate the money we have.) has a balance of \$2,209,274. Katy provided the Board with the history and the activity in each of the funds.

Cont'd

2008-2014 Overview

School Business Administrator Katy Buzzetti stated we are in our seventh year of the economic downturn in our country and state. The Horseheads District has been working for the last seven years to combat the downturn while continuing to provide our children with a quality education. Katy stated the first difficult budget was the 2009-2010 school year with a \$2.3 million in reductions. She stated that administrators and staff have been sacrificing for the past several years.

Katy reviewed the previous reductions of May 2009 which totaled \$2,299,659.00. Some of those reductions included a 15% reduction in all building/department budget allocations, 13 positions eliminated through attrition (retirements and resignations), restructured the Educational Support Center Office (replaced three positions with two), took back two Special Education Classes from BOCES, eliminated BOCES Labor Relations Service and more. Katy also reviewed previous reductions of May 2010 which totaled \$2,806,905.00. Some of those reductions included eliminating 17 positions through attrition (retirements and resignations), changed garbage collection service, lowered heat in buildings, 3:30 PM to 6:00 AM and throughout weekends, eliminated food purchase and water coolers (not drinking fountains), eliminated BOCES GED and Alternative Education Programs, eliminated Attendance Teacher Position and MS/IS Community Resource Officer and more. Katy reviewed the previous reductions of May 2011 which totaled \$4,203,912. She stated the reductions include the building/department budgets have been reduced by approximately 22.5%, approximately 70 positions (26 through layoffs and 33 through retirements/resignations) were eliminated, the Teacher Mentor Program was reduced from a three-year program to a one-year program, defunded department chairs, grade level chairs and team leaders, reduced special area instruction (art, library, music, physical education) and computer lab supervision, phased out German instruction for the 2011-2012 school year, defunded approximately 25 extra-curricular stipends, grades K-12, eliminated freshmen athletic teams and combined sports with two teams into one: 7th and 8th grade boys' and girls' basketball, boys' soccer and girls' volleyball, reduced BOCES instructional technology services and eliminated the Extended School Year Principal position. Katy reviewed the previous reductions of May 2012 which totaled \$1,688,676. She stated the reductions include the replacement of 14 positions (open due to retirements) at lower salaries, eliminated 7 positions (open due to retirements), eliminated 3 unfilled teaching assistant positions, reduced cost for Unemployment Insurance, Medical Reimbursement Accounts (HR 105), and Workers Compensation and retired the Bus Debt and School Construction Debt. Katy reviewed the previous reductions of May 2013 which totaled \$1,979,333. She stated the reductions include the replacement of 8 positions (open due to retirements) at lower salaries, eliminated 9 positions (open due to retirements), eliminated 16 positions (layoffs), reduced building budgets by 25%. Katy reviewed the previous reductions of May 2014 which totaled \$1,382,065. She stated the reductions include the replacement of 21 positions (open due to retirements) at lower salaries, eliminated 1 administrator position (open due to retirements), retired Bus Bond Debt, reduced Construction Debt Payments and reduced Capital Appropriations which total \$1,382,065.

Overall, Katy stated the total reductions since May 2009 total \$14,360,550.

Property Tax Cap Worksheet

School Business Administrator Katy Buzzetti reviewed the Property Tax Levy Cap Worksheet as of February 1, 2015. Katy stated the tax cap formula is a very complex formula. Katy stated the Total Tax Levy Limit before Exclusions is \$35,323,834. The Total Exclusions are \$518,840 with a Total Tax Levy Limit at \$35,842,374. Therefore, the Proposed Increase for the 2015-2016 School Year is \$727,419 or a 2.07% increase. It was noted that all of the Bus Debt is paid off so that is no longer included, however, the figures may change as we don't have figures for State Aid which means the 2.07% is a preliminary number and things will fluctuate as we move through the process.

Property Tax Freeze

School Business Administrator Katy Buzzetti reviewed the Property Tax Freeze stating it is a two-year tax relief program that reimburses qualifying New York State homeowners for increases in local property taxes on their primary residences. Katy stated that because the District's budget was within the State's property tax cap, homeowners eligible for the STAR exemption received a check from the State in October for a portion of their school taxes. Katy noted in 2015-2016 (the second year) the District must comply with the tax cap and submit an Efficiency Plan to the State by June 1, 2015, in order for homeowners to receive the reimbursement. Katy stated the District is on track to submit the Efficiency Plan on time.

Property Tax Credit

School Business Administrator Katy Buzzetti reviewed the Property Tax Cap stating it is a new initiative that will be phased in over four years and will provide credits to eligible homeowners who make less than \$250,000 annually and whose property tax is more than six percent of their income. Katy stated all municipalities must be compliant with the tax cap in order for homeowners to receive the tax credits.

2015-2016 Budget Figures

School Business Official Katy Buzzetti presented the 2015-2016 Budget figures. Katy stated the total Revenue Projections as of February 1st are \$67,485,580, Expense Projections total \$73,339,321 (with No Considerations), an increase of \$1,054,444 or 1.46% and \$77,813,703 (with All Considerations), an increase of \$5,528,826 or 7.65%, whereas last year's, 2014-2015 voter-approved budget was at \$72,284,877. Katy stated that the deficit for the 2015-2016 Preliminary School Budget is a negative \$5,528,826 (with No Considerations) and \$10,328,123 (with All Considerations). Katy noted that for the current school year the District assigned \$5,000,000 from the District Fund Balance to balance the budget. Katy stated at this time, State Aid for 2015-2016 figures are unknown and there will be no State Aid runs until the Legislature approves the budget which they have until April 1st to do so.

Budget Considerations

School Business Administrator Katy Buzzetti presented Budget Considerations consisting of Technology Capital Project – Phase II: Middle/Intermediate School Complex (\$2,406,052), Addition of One High School STEM Teacher (\$72,863), Redesigned/Restructured Grade Level and Department Teacher Leaders (\$121,850), Instructional/Literacy Coaches (4 people/4 days each) (BOCES) (\$407,388), Addition of Three Pre-Kindergarten Teachers and Three Teaching Assistants (\$315,764), Technology, Equipment and Supplies for Three Pre-K

Classrooms(\$48,900), ASD Consultant Teacher at the Middle/Intermediate and High Schools(\$72,863), Registered Nurse Contract Substitute(\$45,830), Increase Itinerant Special Education Supervisor from 0.2 to 0.4(\$18,360), Increase BOCES Occupational Therapy Services by 0.4 FTE(\$47,469), Relocation of Softball Field at the Broad Street Building(\$500,000), Addition of One Cleaner(\$48,326), Four Transportation Vehicles(\$102,817), Director of Athletics and Physical Education(\$64,054), Two Additional Days of Instructional Technology Support(BOCES)(\$49,200), Additional ESL Teaching Position (BOCES) (\$69,646), Leveled Literacy Intervention Expansion-Grades K, 3-4(\$50,000), Affordable Care Act Consultant(\$33,000) for a grand total of \$4,474,382.

Preliminary List of Propositions on the May 19th Ballot

School Business Administrator Katy Buzzetti presented the Preliminary List of Propositions on the May 19th Ballot consisting of: Proposition 1: Proposed 2015-2016 Budget, Proposition 2: Technology Capital Project Phase II, Proposition 3: Establishment of a Capital Reserve Fund. It was noted that the purchase of seven buses has been included in the proposed 2015-2016 budget at an estimated cost of \$875,000; therefore, there will not be a separate proposition.

Five-Year Budget Projections

School Business Official Katy Buzzetti presented the Five-Year Budget Projections consisting of the Property Tax, State Aid, Use of Fund Balance and Reserves, Other Revenue, Total Budget and the Budget Deficit.

Board of Education and Public Questions and Answers Regarding the Presentation

Board President Brian Lynch thanked School Business Administrator Katy Buzzetti for putting together a very thorough Budget Presentation and for sharing the history of the budget and the reasoning for the Budget Considerations with the Board. Brian stated tonight the Board will have to come to a consensus that will give Dr. Marino guidance as to the direction he should go with the 2015-2016 Preliminary Budget.

Brian stated the Board was presented with a lot of information to digest and truly appreciates all the detail, the Budget Considerations along with the breakdowns as it is very, very helpful as we work on the 2015-2016 Preliminary Budget. Brian stated the Finance Committee met last week with the intention to go through the Considerations for evaluation purposes only and now need assistance from the Board as the figures are very challenging. Brian noted as we initially go through the List there are areas that we must approve due to State Regulations/Law and also noted if the State Aid goes up, the State Tax Cap will change as more aid will reduce the tax number.

Superintendent Dr. Ralph Marino stated that the Finance Committee found merit in all of the Considerations, however the Finance Committee is struggling which is why we are seeking input and direction from the Board in preparation for the next Finance Committee meeting. Dr. Marino reviewed all of the Considerations and the reasoning for them with the Board. Dr. Marino stated that all four Elementary Principals have expressed an Interest to have the Pre-K Classes in their buildings. Ralph stated there is space in each building which would mean the addition of three more Pre-K classes district-wide at the elementary level.

Dr. Marino stated that STEM is mandated and those 2 1/2 days a week for the Director of Athletics and Physical Education has not been very successful as there have been some short-comings along the way which is why it really should be a full-time position.

Board President Brian Lynch inquired if the Affordable Care Act Consultant is a BOCES aidable person. Brian stated this is a very important position to have especially with the hefty fine that is involved if an innocent error is made. Also, with the gas rate, if it continues to go down, could we do a retraction and bid again in six months for a lower rate. Dr. Marino stated we will gain savings on the diesel, but not the natural gas. Brian inquired for clarification regarding Proposition No. 2, Technology Capital Project Phase II. Board Member Karen Boulas also requested clarification if the Proposition is simply asking for voter approval to move forward with the Project. Dr. Marino stated the money would come from the Fund Balance that was established in 2009. It is part of the \$2.5 million update to the Intermediate/Middle School Complex. The project was slated in the \$10.4 million number and the numbers that are listed on Slide 10 will go down and noted the busses are also being paid from this figure. Board President Brian Lynch inquired if we were to pursue the Softball Field at this point could it tie into the construction, if so would it be aidable?

Board Member Jim Jacobus inquired as to how much we actually have in Reserves that we could use to lower the \$5 million deficit. School Business Administrator Katy Buzzetti stated that this is really all we can use. We would have to use the Unassigned Fund Balance. Ralph stated we can use the Retirement Incentive Balance, Transportation, Technology, GEA and 4% number. Jim stated the GAP Elimination should go away within the next four years. Also, if we were to put a 4th Proposition on the Ballot for the 7 busses that would free up \$800,000 that we could use. Dr. Marino stated we would have to borrow this money and if we take it out of the budget then we will have to answer to the Comptroller as to why we have set aside the necessary amount needed to purchase the busses and have decided to borrow the money instead. Jim inquired if the Softball Field could be a separate Proposition. Dr. Marino stated we don't have a designated place for the Field and we would also need to make sure the \$500,000 is State Aidable. We would have to have the rate of the bond, answer why we are borrowing and incurring these costs. Ralph stated we have received accurate feedback from the School District's Attorney noting that the Proposition is fine to have on the Ballot. Dr. Marino stated that if the Board decides to bond the busses, we could check on the rate. Jim stated at this point he will go with what is mandated by the State (Special Education Positions), but until we know what the Governor is going to do Jim stated he is not able to commit to the other Considerations and is torn in regards to the Softball Field. Jim inquired when we sell Broad Street, is there a way once the sale is completed we can say \$500,000 would be earmarked in the budget to offset the cost of the Softball Field? Board President Brian Lynch stated this is a very good suggestion and he would support it. Jim also stated that he is in favor of the addition of the three Pre-K classrooms as early childhood education is very important.

Board Member Warren Conklin stated he would like to see the addition of One High School STEM Teacher as we are claiming that STEM is the way of our future and if we are weak in this area we need to acknowledge it and move

forward with this Consideration. Warren stated he would feel comfortable if we left the decision of the Girls Softball Field for another year as long as we could stay on the other field.

Board Member David Sadler thanked School Business Administrator Katy Buzzetti for presenting a very thorough presentation of the 2015-2016 Budget along with a very detailed List of Budget Considerations. David stated it is really quite inclusive and inquired regarding the reasoning for the Redesigned/Restructured Grade Level and Department Teacher Leaders, what exactly do they do? Dr. Marino stated in the past when times were good we had a Grade Level and Department Chairs, but in 2010-2011 these positions were defunded and now we want to restructure them. There is a lot of work that needs to be done across the District regarding the implementation of curriculum initiatives and provide more consistent opportunities to establish a common vision. Ralph noted they would be stipend positions. Dr. Marino stated the Instructional/Literacy Coaches(4 People/4 Days each)(BOCES) are BOCES employees, BOCES aidable with the aid floating to the following year. They would be very effective if we were to get them. The UPK Grant is State Aided and would give us back \$129,000 in the current year. Ralph stated we are looking at hiring one more Registered Nurse/Contract Substitute who would float throughout the District on an as-needed basis and the addition of one Cleaner due to the size of the Intermediate School/Middle School Complex and the High School Complex.

Board Member Doug Johnson stated the Technology Consideration seems important enough to ask taxpayers for approval, however, Doug stated he agrees with Board President Brian Lynch that we need to approve the Considerations that are mandated by State Regulations and prioritize the remaining Considerations. Doug stated he cannot comment on any of the Considerations that involve BOCES due to being a BOCES employee. Regarding the Softball Field, if we cannot get the five year use of the property from the buyer, then where will the girls go to play ball?

Board Vice-President Pam Strollo stated she supports the comments that were made by Board Members Jim Jacobus and Doug Johnson regarding the approval of the Considerations that are mandated by the State, and also believes that when we sell Broad Street School, we should be able to pay back ourselves for the cost of the relocation of the Softball Field. Pam stated we need to have several levels of Considerations that consist of ones that are required by Law and then prioritize the ones that are of the utmost importance to the District at this point in time. Pam stated she would like to see the Finance Committee prepare this List to have available at the March 5th Budget Workshop.

Board Member Karen Boulas stated she will support all Considerations that are required by Law and any teaching positions that are BOCES aidable, however, she believes the Director of Physical Education/Athletics should remain as a 2.5 position and wants to put the Softball Field off until the budget figures are more secure.

Board Member David Sadler stated that he will support all the mandated items and the possibility of the Director of Physical Education/Athletics position.

Board Member Jim Jacobus stated that he is also in favor of supporting all the Items that are required by Law, keeping the Director of Physical Education/Athletics position to 2.5(2 1/2 days a week) and would like more information on the possibility of adding a fourth Proposition regarding the purchase of the busses and more information on the Softball Field.

Board Member Rose Apgar stated she is in agreement with what has been discussed and will also support all Considerations that are required by Law and any teaching positions that are BOCES aidable, however, she believes the Director of Physical Education/Athletics should remain as a 2.5 position and wants to put the Softball Field off until the budget figures are more secure. Rose stated she is also interested in hearing more regarding a bond for the busses and the possibility of the addition of a fourth Proposition.

Board President Brian Lynch stated that overall all the Considerations are worthy of being added to the budget, however, he feels uncomfortable committing to anything at this point until we have firm numbers and would also like to have more detail on the Technology Consideration. Board President Brian Lynch stated that he supports the increase of the positions that are mandated by Law such as the ASD Consultant Teacher, Additional ESL Teaching Position along with the Director of Physical Education which is mandated by Law, however, the Director of Athletics isn't. Brian noted the STEM position is very important as this is the direction of the future and is in support of this Consideration and stated that we also need to try and find some money for the Affordable Care Act Specialist as this position is vital to the District and State Regulations regarding insurance costs and penalties. Brian stated we need to investigate the strategy and direction we want to go in regarding the purchase of the busses and the relocation of the Softball Field.

Board Member Jim Jacobus inquired as to what our timeline is as he is concerned we may not have an on-time budget and could go before the voters with a barebones budget. Superintendent Dr. Ralph Marino stated March 1st is the Preliminary Tax Cap; however, we can amend it afterwards. Ralph stated at the February 26th Board Meeting, we have to approve the Preliminary List of Propositions that will be on the Ballot on May 19th, as they need to be approved by March 15th, but the Board does not meet again until the end of March, therefore it is very important the language for the busses is finalized at the February 26th Board Meeting.

Superintendent Dr. Ralph Marino and the Board reviewed Proposition 3: Establishment of a Capital Reserve Fund. Ralph stated the Finance Committee was in favor of this Proposition and noted this will also have to be approved at the February 26th Board Meeting. Board Member Doug Johnson stated that one of the things the Finance Committee was looking at was establishing the budget to get us to \$5 million to show good faith and that we are trying to spend it down. Board Member Jim Jacobus noted that if the Capital Reserve Fund is approved it is possible that at the end of June we may only have \$100 to put in it. We want to make sure the public realizes that we are asking to bond it for \$10 million as the ultimate amount in the fund over a ten-year period. It doesn't mean we have \$10 million to put in it now. Board Member Warren Conklin inquired if there is a more concrete vocabulary word that could be added regarding the \$10 million figure. Could we say, "Not to exceed \$10 million?" Board Member David Sadler commented that it sounds like at some point we are going to put \$10 million in it when we say, "The ultimate amount of the fund shall be \$10 million."

Dr. Marino stated the language came from the District Attorney and he will check with him on the possibility of changing the wording. The full Board was in favor of this Proposition as there would be no impact on the Budget.

Questions and Comments from the Public

There were no Questions or Comments from the Public.

Questions and Comments from Board Members

Board President Brian Lynch thanked Superintendent Dr. Ralph Marino and School Business Administrator Katy Buzzetti for presenting the Board with a very thorough presentation and for also putting it on the Web. He stated he understands that the budget process is very confusing, is hard to understand as it involves a lot of information that can become very complex and overwhelming at times which is why he appreciates everyone who came to tonight's meeting. Brian stated that the Finance Committee will have some intense discussions as we receive more numbers from the State as they continue to construct the budget.

Board Member Jim Jacobus thanked School Business Administrator Katy Buzzetti for a very thorough presentation and stated that he has been on the Board for many years and this is by far the best presentation he has seen. Jim stated that he also liked the idea of the explanation/reasoning behind the List of Budget Considerations.

Board Member Warren Conklin inquired if we approve the Technology upgrades at the Intermediate/Middle School Complex how this will affect the Consolidation or the Reorganization of the District. Superintendent Dr. Ralph Marino stated that the building is in play in all of the Options in both Sstudies and that we are currently only talking about Phase I and II which is why we are not looking at the Elementary Schools yet.

Board President Brian Lynch thanked the Public for attending tonight's Workshop and the Town of Erin for hosting it. He stated that word needs to get out to the Public that there are two more Community Budget Workshops, one on March 5th, at the Big Flats Community Center and the final one on April 9th at Broad Street School.

Adjournment

Moved by Jacobus, seconded by Sadler.

RESOLVED, that the Horseheads Central School District Board of Education adjourned from its Budget Workshop of the Board of Education at 7:19 PM.

<u>Ayes</u>	<u>Noes</u>	<u>Absent</u>
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MOTION CARRIED

Respectfully Submitted By:

Candy L. Maine, Candy L. Maine, District Clerk

