

Budget Advisory Team

Meeting Minutes

January 18, 2017

Present: Sandy Anzalone, Thomas Murphy, Mary Banko, Mike Breeden, Linda Christ, Jack Cuddihy, Marisa Fallacaro, Marc Graff, Marlene Grunder, Jennifer Horschel, Lucinda Karstedt, David Martin, Lori Sacilowski, Paul Shephard, Donald Sutfin. Mr. Byrnes arrived at 6:46 p.m.

Next meeting: Wednesday, February 15, 2017, 5:45 p.m., Jr./Sr. High School Cafeteria

I. Called to Order 5:51 p.m.

II. Budget Advisory Team Meeting - Thomas Murphy welcomed everyone to the first Budget Advisory Team (BAT) Meeting of the 2016-2017 school year.

A. Orientation

- f A BAT chart was distributed. Board members have the primary responsibility of adopting a budget. Administrators will recommend a spending plan to the Board for adoption. The Budget Advisory Team should know the overall process and be prepared to inform stakeholders by sharing what they have learned.
- f Mr. Murphy provided a list of terminology that the BAT should understand – including, but not limited to accrual, expenditures, appropriations, bond anticipation notes, bond counsel, deficit spending, encumbrances, expenditures, fund balance, reserves, general aid, foundation aid, tax levy, tax levy rate, purchase order, and requisitions.
- f Fiscal accountability and expenditures per pupil were reviewed. Districts similar to Eden averaged about \$21,471 per pupil; across the state, the amount is \$22,556. Eden spends about \$17,720 per pupil, for both general and special education students. Administratively, we are doing well keeping expenditures down.
- f Spending/Revenues – Focus is on the spending side. Nearly half of the revenues are from what New York State gives to the district. We do not have control over much of the revenue side. We will talk about what we are hearing from the Governor's budget, the Legislative budget and what we can expect from them, in addition to the tax levy.
- f A five-year history on spending and revenues was provided. Spending items must have account codes assigned to them. Mr. Murphy reviewed how to read a budget line item. For example: A1010-451-00-0000 – the first letter tells which fund it pertains to (A is the general fund). The next four numbers indicate the department or group (1010 is the Board of Education). The next three numbers indicate what it is for (451 is for supplies). Anything that starts with a 4 is for materials, supplies, or contracts; anything that starts with a 2 is equipment; anything that starts with a 1 is salary. The next two digits are location indicators, indicating the buildings that we are dealing with (00 is the district, 01 is the Jr./Sr. High School, 02 is Eden Elementary, 03 is not used anymore and 04 is GLP.) The last four digits will deal specifically with a program (Math, Social Studies, Science, etc.). There is a subtotal for each code.
- f The budget has grown from \$25 million to \$27,369,000 since 2012-2013.
- f Revenues – the revenue budget is set up similarly to the appropriation spending. Total appropriations do not equal the total for the revenues.

B. – Reserves

- f The district can have several reserve accounts, i.e., unemployment, employee retirement contribution (ERS), tax certiorari, reserves for employee benefits, two capital reserves (one is for district vehicles and the other is for the capital reserve), repair reserves (for unanticipated breakdowns), pre-paid expenses, encumbrances, fund balance, and unassigned, unappropriated fund balance. The state allows us to have 4% general savings.

The Office of the State Comptroller (OSC) has not issued their report yet. We want to make sure we maintain that 4%.

- f Taxes – the tax rate per thousand dollars of assessment is broken down by the five municipalities in the district.
- f Revenue side – The two main sources of revenue are: 1) Taxes; 2) What is provided by New York State. The Governor enacted the tax cap. The first couple of years he incentivized all districts by sending out checks to taxpayers if their district's stayed below the tax cap. He did an excellent job proliferating the 2% tax cap. The 2% tax cap is not 2%. There is a long, somewhat complicated formula involved. The 2% is tied into the CPI. Eden is under the cap each year. If the 2% could be anticipated each year, planning could be better. By March 1st, the district needs to let the OSC know whether we intend to stay under or go above the tax cap. At this point, we do not know what our revenues will be. Should the district look toward exceeding the tax cap? If we go above the 2%, a super majority vote will be required. In 2016, 99% of schools passed their budgets on the first opportunity. Thirty-six districts out of about 700 tried to go above the tax cap last year. Of that 36, 28 of them passed and eight failed. Those that failed went out for a second vote, four went out above the tax cap, they failed. One went out below the tax cap and passed, and three others were reduced.
- f Foundation Aid is a large amount of money from the State, which can be used for any purpose.
- f Goals – Fiscal plans should match Board of Education goals. We don't take cuts lightly. Mr. Murphy's personal opinion is that there is a concerted effort to make district's look bad. There are fewer places to cut each year.
- f Tax cap – There is a very prescribed formula for the tax cap. It is tied to either 2% or the CPI, whichever is less. The formula will be in one of our presentations. Multiply last year's tax levy by the growth factor. Multiply the subtotal by 2% or the prior year's CPI, whichever is less.
- f DiNapoli released the CPI today. The Governor released his budget proposal today. We should plan conservatively and cut more than necessary. It is easier than cutting more the second time around.
- f Last year, the district had a \$13.7 million tax levy. Staying within our tax cap, we could go up to \$13.945 million, an increase of about \$250,000 over last year's budget. The tax cap amount should be decided at the February meeting, so we can certify by March 1st. The Governor's run showed an increase in Foundation Aid of about \$87,000 over last year. Last year the Governor's run over the prior year showed an increase of about \$27,000. There was still \$375,000 owed to us in Gap Elimination Adjustment. The Governor was going to put \$123,000 back in. The legislators decided to make every district whole, and gave back the entire \$375,000, plus about \$27,000 from January and another \$1,000 in March from Foundation Aid. All of the formula foundation aids total \$11.072 million, which is about \$400,000 more than last year, however, Mr. Murphy doesn't trust those numbers.
- f Blue Cross/Blue Shield said to expect about a \$300,000 increase next year, which is about a 10% increase in health insurance. Hopefully, it will not be that high, but they will not know until April.
- f The federal government gives us money in the form of grants, IDEA, Special Education, Medicaid, but it is not part of the general fund. What happens with the US Secretary of Education can affect federal grants. The US Federal government controls federal grant money.
- f This meeting covered information that would have been covered at the December meeting. On February 15th, Buildings, Curriculum and Instruction, Pupil Personnel Services, Superintendent, and Finance will be addressed. At the March 1st meeting, Technology, Athletics, Transportation, Buildings & Grounds and the community forum will be presented.

III. Meeting adjourned at 6:50 p.m.