

SPECIAL BOARD HEARING
 JUNE 17, 2014
 SCHOOL ADMINISTRATION OFFICE

TRUSTEES PRESENT: Vice-Chairman Donahue, Trustee House, Trustee Reynolds, Trustee Checketts, Chairman Alexander (showed at 7:05 p.m.)

OTHERS PRESENT: Tim McMurtrey, James Gilbert, Cliff Ogborn, Sharon Whitman, Albert Longhurst, Chris Alzola, Vickie Armstrong, Sherry Colyer, Marsha Baker, Bobbie Lockett, Marilyn Kellerman, Katherine Hudson, Carrie & William Darkes, Rebecca Lyons

A special meeting of the Board of Trustees of Mountain Home School District No. 193 was convened at 7:00 p.m., on June 17, 2014, at the District Administration Office, 470 North 3rd East, Mountain Home, Idaho, in said district, pursuant to authority provided by Title 33, Sections 33-510, 33-801, 33-801A; Title 63, Sections 63-802A; Title 67, Sections 67-2340 through 67-2347, 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 by published and posted public notice as required by law. A copy of the Notice of a Special Meeting of School Trustees so posted follows:

NOTICE OF BUDGET HEARING
 MOUNTAIN HOME SCHOOL DISTRICT
 ELMORE COUNTY, IDAHO

NOTICE IS HEREBY GIVEN, that a special meeting of the Board of Trustees of Mountain Home School District No. 193, Elmore County, Idaho, will be held on June 17, 2014, at 7:00 p.m., at the District Administration Office, located at 470 North 3rd East, in Mountain Home, at which meeting there shall be a public hearing on the proposed budget for the forthcoming school year.

A copy of the proposed budget, as determined by the Board of Trustees, is available for public inspection at the District Administration Office, 470 North 3rd East, Mountain Home, Idaho, between the hours of 8:00 a.m. to 5:00 p.m., Monday thru Thursday, and 8:00 a.m. to 4:00 p.m., Friday, from the date of this notice until the date of the hearing.

This budget hearing is called pursuant to Title 33, Sections 33-510, 33-801, 33-801A; Title 63, Sections 63-802A, and Title 67, Sections 67-2340 through 67-2347, Idaho Code as amended.

Dated the 4th day of June 2014.



Sharon M. Whitman
 Clerk, Board of Trustees

Posted: June 4 & 11, 2014
 Published: June 11, 2014

At 7:00 p.m., Vice-Chairman Donahue convened the special meeting of the Board of Trustees and stated that the purpose of the budget hearing was to allow an opportunity for the Board to receive public testimony from interested patrons. She asked Mr. Ogborn to present the budget for FY 2014-15.

Mr. Ogborn presented the Summary Statement of the proposed budget for 2014-2015 school year. He said that we had not received any public input since the Board of Trustees' Workshop and since publication.

Mr. Ogborn said we are looking at approximately 184-support units for next year based on enrollment and the mix of students. He added that we are including the professional development dedicated funds (1.08%) and an additional 1% increase on the base for certificated administration and 2% for classified employees. Mr. Ogborn stated that we are getting some other dedicated funds earmarked by the state [SDE] this year and an increase in discretionary money, but even with that, our expenses have gone up, we added two days on the certified contract and we added two days for fulltime employees. He continued to say that we are looking at total revenues of \$21,743,000, and expenses of \$21,738,000, which leaves a fund balance of \$5,000.

Mr. Ogborn stated that as he has said in prior years, the biggest uncertainty is Impact Aid. He said that last year we budgeted \$2.3 million [Impact Aid] and only received \$1.3 million; we budgeted \$1.8 million this year and have only received \$1.2 million this year. He added that we budgeted \$1.55 million for FY15, so we still budget more than where we are currently, but he reminded the Board that we still have July and August to receive Impact Aid. Mr. Ogborn continued to say that we only received two payments in 2013, which was for the FY2013, and we received two payments in 2014 for the FY2014. Mr. Ogborn said that he didn't know why we haven't received any of the prior year's funding still owed to us. Trustee Donahue asked whether nothing was received in 2014 and Mr. Ogborn responded that we received two payments to date [for FY2014].

Mr. Ogborn conclude by informing the Board that based upon the information presented and that with the increase in the expenses and increase in the revenues, the school district will end up with a \$5,000 fund balance.

Vice-chairman Donahue asked Mrs. Chris Alzola to approach the Dias to give her input.

Mrs. Alzola approached the Board and said that by looking at the budget, she felt that the budget was quite worrisome. She then stated that there had to be some more money somewhere. She added that \$5,000 would not pay an electrical bill and Mr. Ogborn and the Board agreed. Mrs. Alzola again stated that there had to be some other cash. Mr. Ogborn replied that some cash was being held over in [dedicated] accounts such as the Federal Forrest Fund, Bond, Tax Revenue, and a little bit left in the Building Maintenance Fund, which makes up the other \$774,000 of our total district budget. Mrs. Alzola then questioned that at the end of FY15, the district will have a total of \$774,000 in cash in this whole district. Mr. Ogborn clarified that it was cash dedicated for specified programs.

Mrs. Alzola then asked if there was other cash, investment cash, any other cash that's not in any of the categories and Mr. Ogborn replied no. She then stated that a \$28 million budget will only have \$774,000 at the end of 2015. Mr. Ogborn replied yes, if he is correct. Mrs. Alzola then asked if that was with the Impact Aid, which she said was declining based on the federal kids. Mr. Ogborn said yes.

Mrs. Alzola mentioned that according to the Eide Bailly Audit Report, Impact Aid was paid up through 2012. Mr. Ogborn corrected her and said that 2012 hasn't been closed out, we received payments in 2012, but 2012 isn't closed out.

Mrs. Alzola then asked if the budget included expenses for the daycare; she asked is there money allocated for the daycare. Mr. Ogborn replied that the daycare will be budgeted as a custodial account in that building, so they will collect the fees and the district will pay the staff and then BMHS will reimburse the district for the staff payments, so that will be a "wash" to the district. He added that there would be no funds, no revenues, no expenses of the daycare included in the budget

Mrs. Alzola again questioned whether the daycare would be a "wash" and Mr. Ogborn replied yes and then explained to Mrs. Alzola how the bookkeeping would work. Mrs. Alzola then questioned whether supplies such as toilet paper and everything else, miscellaneous expenses, and all other expenses would be a cost to the district. Mr. Ogborn replied again that it would be a BMHS expense. Mrs. Alzola then stated so there would not be any funds spent on the daycare, it would be a zero cost and Mr. Ogborn repeated that he hasn't budgeted any revenue or any expense for the daycare.

Mrs. Alzola said that the Board needs to have a long term plan and that she understood that the district budgeted according to law, but she is concerned that what happened to Rimrock and Glenns Ferry [school districts] would happen to Mountain Home. She added that she doesn't see how the Board cannot have a long term plan and that they

have to be very worried because the Board cannot have a \$28 million budget and have \$700,000 and not be a nervous wreck. Chairman Alexander said that is how the district has been having to budget for the last eight to ten years. Trustee House said that [budget] is no different than from the past. Mrs. Alzola said that the district had the cash before and now the district doesn't have the cash to make up the loss. Chairman Alexander said that we never had the cash. Mrs. Alzola stated that the district had \$3 million in 2012 and \$2 million in 2013. Chairman Alexander corrected her and said that those aren't fund balances. Mr. Ogborn stated that those are other funds such as Plant Facility funds, etc. He said the main concern is from the first four columns [referring to the budget page], which is the General Maintenance and Operations, which is the money received from the federal government, the state, and the county.

Discussion began between Mrs. Alzola and Mr. Ogborn regarding previous year's actuals, accruals, salaries, fund balances, cash flow, accounting, funding, expenses, etc.

Mr. Ogborn agreed with Mrs. Alzola that having a \$1 million fund balance would be great, but to get there the district would have to take days away from teacher contracts and other staff for a couple of years in order to save expenses in order to put the money into a fund balance.

Mrs. Alzola said she understood and understood why, but stated she felt the Impact Aid number was a high number. Mr. Ogborn stated that in the eighteen years he's worked for the district he hasn't been able to nail down the amount the federal government sends the district compared to what the federal government owes the district.

Mrs. Alzola asked if the long term plan was to wait until this district went the way of Rimrock and Glens Ferry where they can't pass a bond and their students have to go to Mountain Home. Chairman Alexander responded that we pass levies and not bonds and there is a difference. He said the biggest thing was that the levies we put out there [to the community] are referendums; they are referendums on whether the community wants to continue to have the level of "product" [quality students] that the school district turns out or does the community want to lower the district's level. He also said that we could still turn out a product [without a levy], but it would be inferior to what we turn out now.

Mrs. Alzola asked the Board to have a long term plan because the budget isn't going to get any better. Chairman Alexander replied that we used to do that, but the problem now is that we try to budget somewhat conservatively and hope that things such as the government shutdown and sequestering don't ever happen again. He added that we have to prepare ourselves in such a way that we know where we can start shutting programs down and this is just happening in our school district. Mrs. Alzola said that she had been watching what was happening to Glens Ferry and Rimrock and didn't want that to happen to Mountain Home.

Trustee House asked Mrs. Alzola what she would suggest for a long term plan. Mrs. Alzola said that it looked like the district would end up with no money and have to go and get a loan and try to pass something.

Mr. Gilbert added that his take is that presently, there is reactionary budgeting because districts are relying on supplemental levies, so the long term plan with this is to wean yourself [school districts] off of supplemental levies and the only way to do that is to cut programs and staff. He added that we have already done those things [cuts], we are at a level that is very low, and how we have to deal with that is that we may have to run another Supplemental Levy in two years. Mr. Gilbert continued to say that if the levy fails then we have no choice but to make those drastic cuts; every public school district that didn't pass a Supplemental Levy is now having to make those drastic cuts. He stated that until the state of Idaho funds public school districts back to a level where it exceeds where it [funding level] was in 2007, that's the position the state of Idaho has left public school districts in, and so the long term with this is that we continue to budget year by year based on those supplemental levies and continue to push our legislators to take the responsibilities from the schools back, and to bring the [funding] levels back to 2007 [funding levels]; we aren't there.

Mrs. Alzola said that the district is living on \$5,000 from a \$21 million budget. Mr. Gilbert responded exactly. She asked if that doesn't make you think that you need to do something. He said there isn't a person that works in a [public] school district in Idaho that doesn't ask themselves "what if," and the reality is if the community wants to see more of a fund balance, they need to understand what comes with that, drastic staffing cuts and elimination of programs for kids; it's the only way [public] schools can decrease expenditures to keep those revenues. Mrs. Alzola then stated so

the district's stand is that if you need to replace a roof, which is going to happen soon, so if one thing goes wrong the district is in deep trouble. The Board agreed. Discussion continued regarding what to do should one of the buildings lose a roof, the failure of the Plant Facility, and the success of the supplemental levies. Chairman Alexander said that the community didn't want to pass the Plant Facility, but they did want to pass the Supplemental [levy], so we have money to operate but we don't have the money to fix the buildings.

Trustee House mentioned that we [Board] can't foresee what might happen in the future, and yes, we are worried about the "what if's." Discussion began about loss of roofs, maintenance of buildings, Plant Facility Funds, etc. Chairman Alexander stated the new era that the state has put communities in is that communities are going to have to pay for every little thing. He added that you [Mrs. Alzola] want us to have a long term plan and that is a very gracious and lofty goal that we just aren't able to do at this time because we don't know what the legislators are going to do in the next session; every time they meet, we cringe. Chairman Alexander concluded by stating that the legislature and the state of Idaho have set up a public war between public schools, charter schools, and online schools. Discussion continued.

The Board thanked Mrs. Alzola for her input.

Chairman Alexander then mentioned that the regular board meeting started in a few minutes and that this concluded the Budget Hearing. He then asked the other trustees if they were in favor of adjournment and all the trustees agreed. Budget Hearing adjourned at 7:27 p.m.

Chairman Alexander

Clerk Whitman