



The Newport Board of Education held a work session on Wednesday, October 2, 2024, at 6:30 PM. The meeting was held at 30 W. 8<sup>th</sup> Street, Newport.

### **CALL TO ORDER**

Chairman Ramona Malone asked for a roll call. The following were present: Ramona Malone, Aaron Sutherland, Sylvia Covington, Tim Curl, & Ed Davis.

Ms. Malone asked everyone to stand and recite the Pledge of Allegiance and to pause for a Moment of Reflection.

### **BUDGET**

Ms. Malone asked Mr. Watts for an update on the budget. Mr. Watts reported that in order to submit the budget to KDE it must be balanced, however, at the moment we are about \$1,964,000 short. In order to submit a balanced budget, he is asking the board to transfer funds from the investment account to the general fund account.

In an effort to help satisfy this deficit, he has been working with district leaders to find ways to cut spending. While this process has produced additional revenue the cuts hardly have an impact on the total deficit.

Mr. Watts reported his cuts:

- Beginning of the year shirts for staff - \$9,500
- Staff shirts at Christmas - \$9,000
- Teacher appreciation spending will be cut from last year - \$2,470
- He will look for a sponsor for the end of year celebration, hopefully, saving \$5,500

He will not take any travel or car mileage reimbursements for the remainder of the year. This will save roughly \$1,000 by driving a district vehicle. He also said he would cut his travel expenses by approx. \$5,500.

Mr. Watts' hopes to return at least \$200,000 back to the account by the end of the year and hopefully increase this amount over the next few years.

Mr. Watts did reiterate that he brought a recommendation to the board regarding tax rates in August. He said had they taken anything other than the compensating rate, which he did not recommend, the district's financial situation would not be as bad as it is.

There has been an offer by another company to lease the electronic billboard. We currently generate approx. \$50,000 per year on our lease agreement with Norton. Landmark Dividend has offered \$725,000 for the lease. This would expire in 50 years.

After a lengthy discussion, the board agreed they did not want to move this direction. Mr. Voelker, the board attorney, said he did not believe KDE would approve this lease agreement either. However, he will look into it for future consideration.

Mr. Watts also said the city has approached them about selling the bus lot. They are offering to let our busses work out of the city lot. Selling the bus lot could potentially generate \$500,000 of additional revenue for the district and would allow future property tax dollars to go to the city. These discussions are on-going.

Mr. Watts also said he will be meeting with potential retirees which could help save some money for next year's budget.

Mr. Sutherland inquired whether the district is currently under a hiring freeze. He also requested a review of all filled and unfilled positions, along with recommendations for eliminating any non-essential roles by December 31. Although he may not serve on the board next year, he stressed the importance of addressing this matter due to key deadlines in the spring.

In response, Mr. Watts confirmed that a hiring freeze is in place and noted that the payroll budget reflects only two unfilled positions. Mr. Sutherland expressed that the current budget cuts are insufficient, emphasizing that the district cannot afford to continue its current practices. He urged the superintendent to develop a budget that aligns with available resources, stating that he could not approve the proposal in its current form.

Ms. Covington said she understands the district's financial situation but warns us about cutting services to students who really need it.

Ms. Malone expressed concern that transferring the investment account funds would place the district under financial strain by removing its emergency fallback. While she acknowledges the necessity of budget cuts, she emphasized that the district cannot function properly if it compromises its ability to meet students' needs.

Ms. Hoover reported that she has asked for an extension from KDE for submitting the budget. She will report back to the board when she hears from them.

Ms. Malone asked about the note by the special education expenses that says *subject to change based on Dec. 1 child count*. Ms. Swanson explained that the December 1 Child Count is an annual count of students with Individual Education Programs (IEPs) that is required by the Individuals with Disabilities Education Act (IDEA). The count is important for:

- Ensuring that states receive the appropriate amount of federal funding
- Providing a snapshot of the number of children with disabilities receiving services under IDEA

The amount of exceptional child funding a district receives is based on the number and types of exceptional children in the district.

She also noted that the district receives about \$400,000 per year in Medicaid billing which helps offset some of the special education expenses.

Mr. Davis asked how Newport compares to other districts regarding the number of exceptional children served especially those that are low functioning. Ms. Swanson said the number of low functioning students is quite a bit higher in Newport when you compare the numbers with other districts.

Ms. Malone asked about the Apple Lease agreement. Mr. Adams said we are half way thru the latest agreement. After reviewing his budget, he was able to cut about \$76,000 from this year's budget. This consisted of new work stations for school secretaries, new furniture, supplies, and software.

Mr. Sutherland reviewed several line items under the curriculum budget. Specifically, consulting fees, PD, and travel. Ms. Payne said that the curriculum department consists of only two people and they cannot train everyone district-wide, so there are times when consultants are needed to assist.

He also talked about KRS 160.550 Expenditure of funds in excess of income and revenue in any year. He read:

No superintendent shall recommend and no board member shall knowingly vote for an expenditure in excess of the income and revenue of any year, as shown by the budget adopted by the board and approved by the Kentucky Board of Education, except for a purpose for which bonds have been voted or in case of an emergency declared by the Kentucky Board of Education. (2) Any school district having authorized an expenditure in violation of subsection (1) of this section may be so certified at any time by the Kentucky Board of Education.

A district so certified shall thereafter, any contrary statutory provisions notwithstanding, make no expenditure of money, give no authorization involving the expenditure of money, and make no employment, purchase, or contract, unless the chief state school officer has approved in writing, as fiscally sound and necessary, the expenditure, authorization, employment, purchase, or contract. Any expenditure, authorization, employment, purchase, or contract made in violation of this subsection shall be void.

Board policy regarding budget planning and adoption states the Board shall determine priorities to guide the Superintendent in developing draft budgets for the next fiscal year. Prior to the Board setting budget priorities, the Superintendent shall provide the Board with the estimated amounts that will be received from available sources, including tax rate(s) necessary to generate such amounts. In setting budget priorities, the Board shall consider the following:

1. Results of the current needs assessment, recommendations resulting from that process, and current District/school improvement and/or long-range plans.
2. Revenue projections for the coming year.

After receiving the Board's budget priorities, the Superintendent shall prepare for Board consideration and action proposed District budgets for all active MUNIS fund accounts. Budgets shall address the educational needs of the district as reflected by priorities established by the Board and shall show the amount of money needed and source of funds for the upcoming school year.

Because this is the policy adopted by the board and driven by KRS, moving forward Ms. Malone has requested changes to line items in the budget be presented to the board for approval. Moving money around has been a practice over the years but she does not want this to be a continued practice without the board's knowledge and approval.

Each board member expressed concerns over the huge deficit in the budget. Ms. Hoover offered to present an updated budget taking out all the cushion she has currently built in the numbers due to emergencies or unforeseen situations. She can remove the committed funds for sick leave and vacation liability which will also help lower the amount needed from investments to balance the budget. Indirect costs from ESSER will be forthcoming and added to the general fund and possibly additional SEEK dollars in early spring. She will also be bringing several capital funds requests to the board for approval also saving the general fund on these expenses. When and if, additional funds are needed at the end of the year from the investment account, she can approach the board at that time.

After discussion, the board will meet again on October 16 to discuss any lingering budget issues or questions and then approve the working budget the FY 2025. The Education Foundation meeting will be moved to November 6 at 6:00.

The work session ended at 8:15 PM.

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Chairman

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Secretary