

**Lamoille North Supervisory Union and
Lamoille North Modified Unified School District
Special Meeting of the Finance and Capital Committee
Minutes of Meeting
January 5, 2021**

Board Members in Attendance: Katie Orost, Laura Miller, Patty Hayford, Sue Prescott, Mark Stebbins, Angela Lamell, Bernard Barnes, Lisa Barry, Mark Nielsen, Bart Bezio

Others in Attendance: Cat Gallagher, Deb Clark, Darcey Fletcher, Eric Hutchins, Charleen McFarlane, Betzi Goodman, Greg Stokes

Minute Taker: Sue Trainor

Call to Order, Approval of Agenda and Public Comment: Chair Stebbins called the meeting to order at 6:01 p.m. Stebbins noted that the agenda should be amended to reflect that this was a special meeting of the FCC. Orost made a motion, seconded by Barnes, to approve the agenda. The motion passed unanimously. There was no public comment.

FY22 Budget Review: Clark began by providing the Committee with information on student to teacher ratios. The MUUSD student to teacher and student to support staff ratio was steady. The student to teacher ratio had dropped just slightly and it was flat for support staff. From school to school there was some shifting. Prescott asked if special educators were incorporated into these numbers. Clark confirmed they were in the teacher numbers. Miller asked if the remote learners were included in the numbers. Clark stated remote teachers and remote learners were included in the numbers but homeschoolers were not. Lamell noted an increase of a nurse at Hyde Park and asked if that person was shifting from another school. Clark stated they were probably sharing a nurse. Lamell then asked for updated information on the Community Health Services of Lamoille Valley at Johnson. Gallagher reported that David Manning could provide an update and that counseling services were taking place. Stebbins asked Clark to provide a combined ratio of teachers and support staff to students at the next meeting.

Clark then informed the Committee that there was a way to cut expenditures at the SU. She explained that the Health Reimbursement Arrangement (HRA) in the FY22 budget was based on a 10% increase in health costs. FY20 had been the first year and 100% of the liability had been budgeted. Some of those funds weren't used at that time and, therefore, an HRA/HSA reserve was set aside. In FY21, the HRA amount had been reduced based on the experience rating. If there was a budget year that the District spent more on the HRA, there was now a reserve on the books that allowed the District to tap into that reserve.

Clark thought they could safely level fund the HRA based on FY20 actual usage. She noted though that as of March, any non-necessary medical procedures had stopped. Clark stated if they spent 100% of the budget plus an additional 20% there would be enough reserves to cover that. Clark stated the current reserves at the MUUD elementary schools were \$78,500. The MUUSD secondary and GMTCC had \$73,000. Cambridge had \$15,000. The LNSU had \$87,000.

Prescott asked where the LNSU revenue was coming from. Clark stated it was interest, grants management, state transportation aid, and state funds, noting that the special education revenue was all state funded.

Clark moved on to the LNMUUSD presentation. She noted the numbers hadn't changed since the last meeting. The combined unassigned fund balances were now audited and were \$1,073,680, with \$600,000 of that being applied to this budget. \$705,000 of the unassigned fund balance was from the secondary schools and the elementary schools had \$368,000 of unassigned fund balances.

Clark explained that there was a surplus from this year because they did not have as many expenses and a number of initiatives didn't take place. Additionally, they did not need to use the surplus from FY18 that had been applied to the FY20 budget, so that was also rolled into the fund balance.

Clark explained that the \$271,500 in the Salaries line at the elementary level included \$16,500 to cover horizontal moves and \$51,000 to cover the new Tech Coordinator at Waterville and Eden. In response to a question as to why they were waiting until next budget year to hire a Tech Coordinator, Clark explained they were working on hiring someone now. If they were able to hire someone this year, they hoped to utilize grant funds to pay for the hire because it was not funded this year.

Prescott questioned using the \$600,000 of surplus and wondered why the budget wasn't getting reduced instead.

Clark reported that the Union school expenses were going up 1.56%. If the bond hadn't been retired the Union school expenses would be up 3.67%.

In response to a question from Miller about the surplus, Clark noted that last year \$110,000 of surplus funds were used to reduce the elementary school budget and \$138,000 was used to reduce the secondary level budget. Miller asked why there continued to be a surplus and how line items were budgeted. Partially in response, Clark stated that the general non-education expenses had gone up marginally and personnel costs and the lack of transportation revenue were driving up the costs. Reductions were made where they could. Miller noted that the taxpayer would wonder why, with continued surpluses, the District would ask for an increase. Clark stated deficits became something you were collecting taxes on and it wasn't going directly to students or the buildings.

Orost noted there was a \$1 million surplus. She didn't agree that \$400,000 should go into capital and instead wanted more funds to go toward the budget. If capital was required, the District could go out for a bond.

Clark continued with her presentation and noted that the \$189,867 additional salary expense at the Union School was covering horizontal moves. The education spending at the elementary level increased 1.93%. The education spending at the secondary level increased .46%.

Clark explained that the Average Daily Membership (ADM) counts were used in generating an equalized pupil count. Brad James of the AOE had recently stated that over 3,000 students across the state were being homeschooled. That would impact the equalized pupil count significantly. That was why the Legislature had determined they would use last fall's ADM. The number for the District last year was 657.77. It was unclear at this point what the number would be.

Using this year's budget and last year's equalized pupil number, the elementary school education spending was \$18,631, with a homestead rate of \$1.7310. 53.91% of the students were at the elementary school, providing an elementary school rate of \$.9332. The Union School education spending was \$16,824, with a homestead rate of \$1.5631. 46.09% of the students were at the Union School, providing a Union School rate of \$.7205. FY22 was the first year that the merged district did not have the Act 46 incentive. The merged blended rate was 1.6536. This resulted in a change of \$75.82 per \$100,000 property value. The tax rate, after applying the Town CLA, was provided to the Committee.

Orost stated the Committee needed to discuss whether the Committee approved of the HRA level funding and to look at the reserves to see how much they wanted to apply. Once those decisions were made, Orost wanted to go into Executive Session.

Stebbins asked the members if they agreed with level funding the HRA. The Committee members were unanimous in agreeing with the decision. Stebbins then asked about their thoughts on using the reserves. Orost stated she wanted to apply \$800,000 of the \$1 million that was available.

Prescott asked how much was available in the capital funds. Clark stated that as of June 30th 2020, there was \$894,000 in capital reserves across the MUUSD and including GMTCC. Some of those funds needed to be used by June 2022. Clark stated this was a singular reserve that started when the District merged, but there were still individual reserves at Johnson and Eden. Stebbins confirmed that the MUUSD reserve going forward was a combined elementary, middle and high school reserve. Stebbins stated he was concerned about reducing the capital because the reserve needed to cover all of the schools.

Nielsen stated that residents had asked him when they would receive a tax refund, since the school buildings were closed. He believed it was important to go to the voters and let them know that the District was giving them back all the money they could afford to. He wanted to put more funds into the budget and have less in reserves. In the event something were to happen, the District could go for a bond at almost no interest. Lamell agreed they needed to use more than \$600,000 in reserves and that \$800,000 would be better.

Clark stated that, without GMTCC, the MUUSD had \$490,000 in the secondary and elementary capital funds. There was \$168,394 available at the elementary level and a total of \$705,286 available at the secondary level that was currently unrestricted. To add an additional \$200,000 of reserves to the budget would mean adding \$68,384 from the elementary reserves and \$131,606 from the secondary reserves, bringing the total to \$800,000. This would bring the increase to 5.7% or \$57 per \$100,000 of property value. This would also improve the per pupil spending amount at the elementary level. The Committee agreed with the decision to increase the use of the reserves to lower the tax increase.

Orost then made a motion to go into Executive Session, as the premature public knowledge would put the Board at a substantial disadvantage regarding labor relations with employees. Miller seconded the motion. Orost invited Gallagher, Clark and McFarlane to join the Executive Session. The motion passed unanimously.

The Committee went into Executive Session at 7:02 p.m. The Committee came out of Executive Session at 7:32 p.m.

Orost made a motion to revisit the space use analysis and review the projected student numbers across the district. Nielsen seconded the motion. The motion passed unanimously.

In response to a question, Clark explained that the .5 FTE finance support position that was being added was directly related to the mandatory conversion to e-finance. Early adopters across the state had struggled with this new program. There would be a lot of manual work involved in moving the data from the current system over to e-finance. In order to get the conversion correct and get the systems up and running while still running payroll and reporting obligations, .5 FTE position, dedicated to the conversion, was needed.

Other Business: There was no other business.

Adjourn: Orost made a motion, seconded by Nielsen, to adjourn the meeting at 7:37 p.m. The motion passed unanimously.

