

**Lamoille North Supervisory Union and
Lamoille North Modified Unified Union District Board
Minutes of Meeting
January 16, 2018**

Members Present: Hyde Park: Andrew Beaupre, Chasity Fagnant, Lisa Barry; Johnson: Bobbie Moulton, Mark Nielsen, Katie Orost (Acting Chair); Cambridge: Mark Stebbins, Laura Miller, Jan Sander, Bill Sander; Waterville: Amanda Tilton-Martin

Members Absent: David Whitcomb, Angie Evans, Jeff Hunsberger, Angela Lamell, Heather Rodriguez, Sue Hamlyn-Prescott, Patti Hayford, Heather Hobart

Others Present: Catherine Gallagher, Deborah Clark, Brian Pena, Dylan Laflam, Mary Anderson, Diane Reilly, David Manning, Melinda Mascolino, Brian Schaffer, Wendy Savery, Dana Jewett, Jennifer Stevens, Jan Epstein

Minute Taker: Sue Trainor

Call to Order, Approval of Agenda and Public Comment: Chair Orost called the meeting to order at 6:02 p.m. Nielsen made a motion to approve the agenda, seconded by Moulton. The motion passed unanimously. There were no public comments.

Budget Presentation and Warning Creation: In reviewing the LNSU budget, Clark stated this was the third year of transportation costs being accumulated at the SU level. The budget incorporated the increased consolidation of special education costs at the SU level. It included comprehensive benefit adjustments for the new consumer-driven health plans. There was an additional \$110,000 of reserves being applied to reduce the general assessment in support of the health cost recapture costs at the District. \$130,287 of reserves was being applied to offset the increases in special education costs, which was in addition to the usual \$79,713 that had been applied over the past few years.

The total FY19 LNSU expense budget, not including special education costs, totaled \$3,758,114. With the subtraction of grant funded items totaling \$155,476, the subtraction of transportation and services to schools of \$1,906,300 and the subtraction of \$50,419 of miscellaneous revenue, the non-special education assessment expenses totaled \$1,645,919. Applying \$189,713 in reserves to offset the health care recapture costs, the total FY19 non-special education assessment costs would be \$1,456,206.

The FY19 special education costs for the LNSU were \$6,026,610. Reserves of \$130,287 were subtracted along with estimated special education revenues of \$3,867,898. This brought the FY19 special education assessment to \$2,028,425. Adding in the \$1,456,206 FY19 special education assessment brought the total FY19 assessment to \$3,484,631.

Clark reported on revenues stating that the assessment budget in FY17 had been \$6,638,028, FY18 had been \$9,222,099 and FY19 would be \$9,784,724. Applying revenues resulted in an assessment in FY17 of \$4,234,478. FY18's assessment was \$3,493,247 and FY19's assessment would be \$3,484,631. Clark noted that the use of \$320,000 in reserve funds in FY19 had been key in holding down the assessments. Prior years \$79,713 had been used in reserve funds. The following assessments were being applied:

Non-Special Education Assessment: Cambridge: \$262,946 or 18.06%; Elementary Schools of the MUUSD: \$562,187 or 38.61%; MUUSD High School: \$541,448 or 37.19%; and GMTCC: \$89,623 or 6.15% for a total of \$1,456,206.

Special Education Assessment: Cambridge: \$366,272 or 18.06%; Elementary Schools of the MUUSD: \$783,100 or 38.61%; High School: \$879,053 or 43.34% for a total of \$2,028,425.

Gallagher asked about the increased costs in special education. Clark noted that last year at this time special education costs decreased dramatically across the state. This year the Legislature had reported that special education had been underfunded in FY18 across the state. This was resulting in a two-year correction. Gallagher noted that the District's percentage changes were much lower than other districts throughout the state and this was a very important talking point.

Moving on to the Lamoille North Modified Unified Union School District's FY19 proposed budget, Clark reported that the combined elementary budget was \$10,941,090 and the combined secondary budget was \$12,618,256. Factors involved in building the budget included:

- The expected rate increase of between 6% and 9% reported by State agencies
- The State Property Yield dropped from \$10,160 to \$9,842, which would mean a rate increase
- The Income Yield had dropped from \$11,990 to \$11,862
- The State Property Tax Rate was \$1
- The Non-Residential Property Tax Rate was increasing to \$1.629 from \$1.535
- The Excess Spending Threshold was increasing to \$17,816 from \$17,386
- State announced income sensitivity of 2%
- Unassigned Fund Balance available (excluding GMTCC) of \$226,850. This budget applied \$150,000 of the LNMUUSD combined reserve funds.

Clark reported that:

- The combined education spending was increasing \$465,467 or 2.02%, from \$23,093,879 to \$23,559,346.
- The elementary school expenses were increasing \$126,040 or .99%, from \$12,775,352 to \$12,901,392.
- The Union School expenses were increasing \$111,602 or .83%, from \$13,483,651 to \$13,595,253.
- The elementary school revenues, including the reserve funds, were down 4.58%.
- The Union School revenues, including the reserve funds, were down 12.05%.
- The combined education spending for elementary schools (058A) was increasing 2.05% to \$10,941,090.
- The combined education spending for the Union School (058B) was increasing 1.98% to \$12,618,256.

Clark reported that non-special education elementary school salaries were increasing 2.65% and benefits were decreasing 1.22%. Purchased services were decreasing 41.82%. The non-special education union school salaries were decreasing .40% and benefits were increasing .91%. The interest on debt service was decreasing 152%.

Clark then provided detail on the homestead rate:

- The elementary school education spending cost per equalized pupil was \$16,082, which was the number the taxes were calculated off of. The estimated equalized homestead rate was \$1.6340, less the Act 46 incentive of -\$0.06, totaling \$1.5740. The final estimated elementary incentive rate was \$.8608, an increase of \$.0639.

- The Union School education spending cost per equalized pupil was \$15,877. The estimated equalized homestead rate was \$1.6132, less the Act 46 incentive of -\$0.06, totaling \$1.5532. The final estimated Union School incentive rate of only MUUSD students was \$.7038, an increase of \$.0338. Blending those rates resulted in a pre-CLA rate, after the \$.06 incentive, of 1.5646.

The homestead rate, two years after the merger, showed a two-year combined decrease of .0392 to Belvidere, a two-year combined decrease of .0735 to Eden and a two-year combined decrease of .0445 to Waterville. Hyde Park saw a two-year combined increase of .0516 and Johnson saw a two-year .0786 combined increase. Clark then outlined what the two year combined increases would have been without the merger. Belvidere saw savings of .1470; Eden experienced a savings of .1292. Hyde Park saw a savings of .0551 and Johnson .0316. Waterville saved .0719.

Clark then explained that grand lists were lower than the amount houses were being sold at and the state was adjusting for that with the common level of appraisal. Clark highlighted that the 2019 CLA numbers were lower than 2018, which was complicating the message of the benefit of the incentives. The estimated FY2019 tax rates after applying the Town CLA and the \$.06 incentive were:

- Belvidere: 1.6356, a change per \$100,000 of property value of \$55.87
- Eden: 1.6462, a change per \$100,000 of property value of \$80.34
- Hyde Park: 1.5111, a change per \$100,000 of property value of \$122.49
- Johnson: 1.5704, a change per \$100,000 of property value of \$175.29
- Waterville: 1.7955, a change per \$100,000 of property value of \$107.88

Clark stated this was a very conservative and manageable budget that continued to provide quality programming. She appreciated the efforts of all administrators in finding cost savings within their budgets. There was no excess in the budget, but there were still services provided to students and the community.

Clark then informed the Board that about 74% of the District received some benefit from income sensitivity credit on their property taxes. Those who made \$141,000 or less could benefit in some way on their property taxes and those making \$47,000 or less fell into an even greater tax relief status.

At 6:27 p.m. Tilton-Martin made a motion, seconded by Nielsen, to recess in order for Clark to retrieve additional information. The motion passed unanimously. The Board reconvened at 6:38 p.m.

Clark returned to discuss additional information on income sensitivity credit. Using Belvidere as an example, Clark stated there were 107 homestead properties. 28 out of the 107 homestead properties had income of \$47,000 or less, which resulted in a substantial benefit. 81 out of the 107 homestead properties had income of \$141,000 or lower. Belvidere had the highest adjustment of 75.7%. Johnson had the lowest adjustment of 70.5% of the eligible homestead sites that received some income adjustment.

Clark returned to discussing the SU. Non-special education salaries increased \$35,137 or 2.55%. Benefits decreased by \$67,600 or 11.48%. Purchased services increased by \$5,000 or .35%. All other miscellaneous expenses decreased by \$31,800 or 7.9%. Non-special education services at the SU decreased \$59,000 or 1.55%. Special education costs increased by \$512,000 or 9.29%. Clark explained that was the raw expense, not including revenues. This resulted in a total increase of 4.85% at SU. Reserves had been applied to help with the special education costs.

Stebbins noted the State determined the health care recapture costs by assuming the savings from the new health plans. He asked if Clark found that the State numbers were close to what Clark thought would have been saved. Clark stated the numbers were comparable. Beaupre asked if the bond costs for Hyde Park had been included in Clark's calculation of what individual towns would have paid if they had not merged. Clark stated those costs were included in the calculation, and clarified that only interest was being paid on that bond until a few other bonds had matured.

Nielsen made a motion, seconded by Moulton, to accept the Lamoille North Supervisory Union FY19 budget as presented resulting in a net assessment of \$3,484,631. The motion passed unanimously.

Moulton made a motion, seconded by Tilton-Martin, to approve the Lamoille North Modified Unified Union School District 058A FY19 budget as presented resulting in a net education spending of \$10,941,090. The motion passed unanimously.

B. Sander made a motion, seconded by Moulton, to approve the Lamoille North Modified Unified Union School District 058B FY19 budget as presented resulting in a net education spending of \$12,618,256. The motion passed unanimously.

Clark then discussed the use of fund balances, informing the Board that \$150,000 of the \$226,851 of unrestricted funds available from the towns and the High School had been applied to reduce the education spending at both the elementary and union schools. That left \$76,851, which Clark asked the Board to restrict to either a general capital fund or future expenditures. Clark assured the Board that all individual restricted town funds remained. Following Clark's recommendation, Tilton-Martin made a motion to designate \$76,851 to the MUUSD capital reserves. Moulton seconded the motion. The motion passed unanimously.

Clark then discussed the Lamoille North Supervisory Union, which as of June 30, 2017 had an unrestricted fund balance of \$529,423. \$320,000 of those funds had been applied to reduce the FY19 assessment costs. This left \$209,423 to be reserved. While the SU could not have a capital reserve, these funds could be reserved for future expenditures. Nielsen made a motion, seconded by Tilton-Martin, to reserve \$209,423 for future expenditures at the SU. The motion passed unanimously.

Clark then informed the Board that GMTCC had a surplus of \$94,140 available for the FY19 budget. Those funds along with money from their Operations and Maintenance capital fund were being used to help defray student assessment costs for a total of \$198,000.

The Board moved on to discuss the Warning of the Annual Meeting, moving through each Article and making changes as appropriate. The Annual Meeting would take place on Monday, February 19 at 7:00 p.m. at GMTCC. Following discussion about Article X, which stipulated the need to establish a reserve fund to appropriate such sums as approved in future budgets, it was determined an attorney should be contacted for a determination on whether this needed to be included in the Warning.

Other Business: There was no additional business.

Adjourn: Nielsen made a motion, seconded by B. Sander, to adjourn the meeting at 7:20 p.m. The motion passed unanimously.