

LNSU/LNMUUSD Finance/Bond/Budget Committee Review

December 3, 2018

Committee Members in Attendance: Mark Neilsen, Angela Lamell, Laura Miller, Katie Orost, Bill Sander, Amanda Tilton-Martin and Lisa Berry

Others Present: Deb Clark, Wendy Savery, Dylan Laflam, David Manning, Diane Reilly, Brian Pena, Brian Schaffer, Jennifer Stevens, Sherry Lussier, Melinda Mascolino

Minute Taker: Deb Clark

Call to Order and Approval of Agenda: Nielsen called the meeting to order at 6:05 p.m. Approval of the agenda as written was made, and seconded. The motion passed unanimously.

Public Comments: No public present

Routine Business: Consent Agenda Items/Minutes of October 15, 2018 & Minutes of November 5, 2018: A motion to accept the Minutes of October 15, and the minutes of November 5, as written was made, and seconded. The motion passed unanimously

Review Bond Projects: Solar: Clark reported that she & Dylan Laflam had received a request to add a solar project to the discussion of bond work at the high school. Orost opened the conversation with a description of a potential roof based array. The load on the roof was questioned. Laflam responded that the roof could carry the load, but noted the campus' total needs, and for the system to make a difference it will need to have significant production. Sanders asked about tax incentives. Orost responded that there are no incentives because the district is tax exempt. Miller noted that Cambridge is on a purchase agreement through Green Lantern. Laflam noted that the high school campus is already on a 20-year purchasing agreement through Green Lantern and is not sure if they would be interested. Orost noted that greater savings is found by producing the power yourself. Questions about size of the array, ownership, other potential locations on the property, who would be responsible for dismantling at the end of life, maintenance, and what happens, if a roof array, when the roof needs repair were all asked. The Committee asked Dylan to do some research and report later. **Update on Current Bond Projects:** Clark presented updated Hyde Park, Eden & Johnson bond fund schedules (attached). Laflam provided a quick update on the remaining items at Hyde Park.

Update on Space Use Analysis: Clark reported that she and Laflam had met with Randy Burnet from Colin Lindberg Architects. They have provided this kind of analysis for other school districts. Randy will prepare a scope of work and send it to Laflam. Discussion ensued regarding the importance of this analysis to making decisions regarding facility expansion and student placement. The Committee expressed strong interested in having this analysis completed as soon as possible. Laflam will contact Randy and move the timeline up.

Review Finance Reports: Clark presented the November 15, 2018, LNMUUSD Finance Report (attached). Clark reported that overall, the district was projecting a surplus and should be fine, however two elementary schools have received recommendations of budget freezes for the year. Clark noted that these two schools utilize the PO system very well, and may have all their future needs appropriately encumbered, but that they will be carefully watching all spending for the rest of FY2019.

Review Preliminary FY2020 Budget Figures: Clark presented updated FY2020 budget reports. She noted a summary page with a packet showing the Central Office projections, a packet showing elementary school projections, a packet with the secondary school projections, and detail projection information for Technology and Facilities. Clark provided key points about FY2020 tax rate calculations from the Tax Commissioner's *December 1* letter to the Legislature (attached). The Homestead Property Yield is expected to go up to \$10,666, which will help hold tax rates down. The Non-Residential rate will remain at \$1.58. Education Spending is forecast to grow by 3.24%, while equalized pupils continue to drop. Clark read *It is important to note that level rates do not mean bills will stay the same. Although the forecasted rates remain level, the average tax bill would increase by 1.52% due to projected growth in education spending (3.24%), property values (2.5%) and household income.* Nielsen asked the administrators to explain what cuts needed to be made to reach the 3% increase recommended. Savery handed out a list (attached) detailing the Middle School programs and amounts she needed to cut in order to meet the 3% spending increase goal. Manning informed the Committee that to hold the increase to 3% at Johnson, among other things, he would not be able to increase World Languages to a fulltime position. Pena enumerated the reductions he was able to make to the Technology budget (attached). Schaffer noted the difficulty in holding projections to 3% in light of yet to be determined salary increases. This exercise means that other lines are not able to grow, or grow only minimally. Clark also noted that for FY20 she has included additional funds to cover the usual deficit in School Nutrition Services. A discussion ensued about the differences between, and merits of, contracted services and in-house services. Clark noted that our nutrition programs have grown in participation under Karyl Kent, and that the nutritional quality of the food served has improved. Clark explained that under Karly's leadership billing and collections on student dining accounts has improved. Laflam discussed the add backs needed in Facilities to start repairing the effects of, and reversing the trend of, deferred maintenance. Clark and Reilly discussed the additional funds needed to restore Hyde Park to pre-renovation services, particularly in Pre-K. Orost asked Stevens about the reductions in Special Ed. Stevens explained that we believe there is some flexibility in the salary lines. That some funds have moved from the school level up to the Central Office level (Para expenses vs. Teachers and other services), and that we are moving forward with a different approach to providing services. Orost continued to question the Special Ed budget as presented, and had concerns that the change may be too drastic.

The Committee reviewed the upcoming Committee meeting date of December 17. The committee will meet at 6:00 on December 17.

A motion was made, and seconded, to adjourn the meeting at 7:35 p.m.

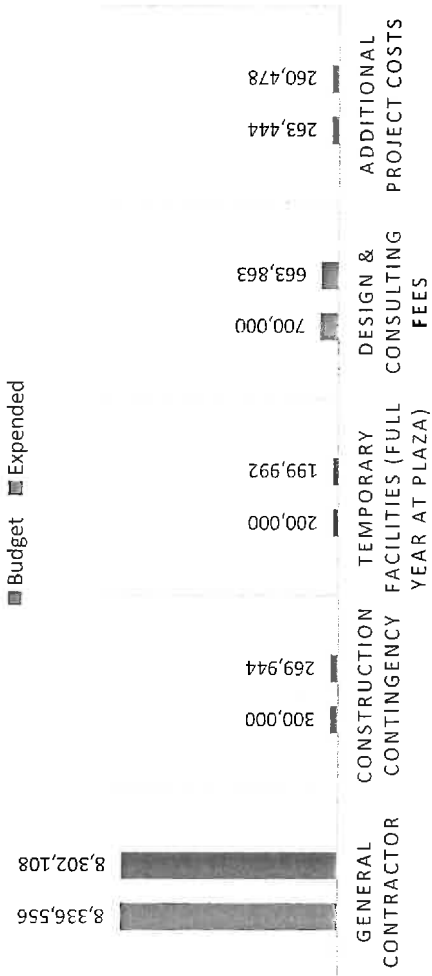
EDEN BOND

Updated: 10/25/18	Estimate	Est Work	Bid	Used FY18/19	Final Cost	Complete
Bond Amount:	619,586					
Engineering/Design					32,535	FY2017
HVAC:					96,350	FY2017
Windows					19,500	FY2017
Kitchen:					24,919	FY2017
Water System					49,464	FY2017
Fire Alarm					30,028	FY2017
Casework/Cabinets					9,702	FY2017
Gymnasium					46,684	FY2017
Miscellaneous					443	FY2017
Funds Expended					309,624	
Bond Funds Remaining	309,962					
Open Projects:						
GARAGE/STORAGE	45,000	March		13,765		
INSULATION/CAT WALK	38,000	ASAP				
PAVING/SIDE WALKS	165,000	February		221,214		
ENGINEERING	11,200	ASAP				
KITCHEN IMPROVEMENTS	10,000	ASAP		2,276		
SEPTIC LINE	5,000					
CONTINGENCIES 10% OF BALANCE	\$27,420					
Total Open Projects	\$301,620			\$237,255		

Balance Remaining Avail. **\$72,707.16**

	<u>Budget</u>	<u>Expended</u>	
11/30/2018			
General Contractor	8,336,556	8,302,108	34,448
Construction Contingency	300,000	269,944	30,056
Temporary Facilities (Full Year a	200,000	199,992	8
Design & Consulting Fees	700,000	663,863	36,137
Additional Project Costs	263,444	260,478	2,966
9,800,000	9,696,385		103,615 Funds Remaining
	-199,992	Encumbered rent	
	199,992	Actual Rent Paid	
	-269,944	Construction Contingency	
	247,997.62	PCCOs actually paid	
	9,674,439	Total Paid to-date	

HYDE PARK RENOVATION PROJECT BUDGET TO ACTUAL EXPENDED



JOHNSON BOND

Updated: 10/18/18	Estimate	Est Work	Bid	Used FY18/19	Final Cost	Complete
Item						
Bond Amount:	1,115,000					
Engineering/Design					28,689	FY16 & 17
HVAC					54,373	FY16 & 17
Yellow House Removal					32,140	FY16
Phone/VOiP					49,057	FY17 & 18
Chairlift					8,395	FY15
Kitchen Equipment					8,250	FY17
Garage					76,542	FY17 & 18
Fire Safety System					46,827	FY16, 17 &
Door Access					9,980	FY16 & 17
Kitchen Floor					10,925	FY15
Tech Infrastructure					32,373	FY15
Stage Floor					14,595	FY16
Gymnasium					132,300	FY16 & 17
Roof Replacement					217,245	FY16
Sprinkler System					181,379	FY16
Painting & Repairs					1,035	FY16
HVAC: FY2018 FMCS					4,725	FY18
Miscellaneous/Waste Removal/Storage					6,333	
Funds Expended					915,163	
Bond Funds Remaining	199,837					
Open Projects:						
Engineering/Design		10,275	hvac - spring 2018		2,700	
IT Infrastructure (cont.)		40,000			34,423	
HVAC		146,500			115,160	
CONTINGENCIES 10% OF BALANCE		\$3,062			300	
Total Open Projects		\$199,837			\$152,583	

Balance Remaining Avail. **\$47,254.46**

Date: November 15, 2018

To: LNMUUSD Board, Catherine Gallagher, Deborah Clark and Administrators
from Johnson Elementary, Eden Elementary, Hyde Park Elementary,
Waterville Elementary and the Lamoille Union School District campus

From: Lynda Brochu, Finance Coordinator

Attached for your review is the Lamoille North Modified Unified Union School District Finance Report for period ending November 15, 2018.

General Fund – Elementary

Revenues to date	\$11,557,819
Expenses to date	\$ 3,682,982
Encumbrances	<u>\$ 7,188,855</u>
Current Surplus(Deficit)	\$ 685,982

General Fund –High School & Middle School

Revenues	\$13,256,240
Expenses	\$ 4,879,502
Encumbrances	<u>\$ 7,309,510</u>
Current Surplus(Deficit)	\$ 1,067,228

General Fund – GMTCC

Revenues	\$ 3,237,893
Expenses	\$ 1,158,642
Encumbrances	<u>\$ 1,468,943</u>
Current Surplus(Deficit)	\$ 610,308

GMTCC: All anticipated Salary Grant revenues and tuition have been booked as receivables. As a whole, revenues are anticipated to come in as budgeted. Expenses are currently \$625,000 under budget, but this early in the school year that is not unexpected. We recommend purchase orders be created for a more accurate picture of the anticipated June 30 fund balance.

High School & Middle School: First semester tuition has been billed to sending districts. Based on today's student census, we anticipate \$43,000 more revenue than budgeted. We are working with the Wolcott School district to complete their required residency voucher process. Currently we have received vouchers for approximately 60% of the Wolcott students attending the high school and middle school campus. Expenses are currently \$2,056,426 under budget. We recommend purchase orders be created for a more accurate picture of the anticipated June 30 fund balance.

Elementary Schools: A detailed examination of expenses only at the elementary school level has resulted in a recommended budget freeze in Hyde Park and Johnson. Both schools do a wonderful job of encumbering anticipated expenses with purchase orders, but will need to limit unnecessary spending outside of these encumbrances.

SPED: An estimate of special education revenue has been made for the Elementary Schools, based on our current staffing levels of para educators. Teachers and contracted services are paid through LNSU.

Food Service: The attached food service budget reports do not reflect receipt of any State of Vermont reimbursement revenue to date. We expect to see these funds sometime this month for August through October. Purchase orders have been created for the potential loss in food service for FY 19. These expenses are booked under the general fund, as the general fund has to absorb any loss.

Other Reports:

Also attached for your review are grant budget status reports, Capital Reserves reports, VOC House, Adult Education, student activity and Beyond the Bell budget reports.



State of Vermont
Department of Taxes
133 State Street
Montpelier, VT 05633-1401

Agency of Administration

November 30, 2018

Rep. Johnson, Speaker of the House
Sen. Ashe, President Pro Tempore
Vermont State House
115 State Street
Montpelier, VT 05633-0004

Dear Speaker Johnson and President Pro Tempore Ashe:

The Commissioner of the Vermont Department of Taxes, after consultation with the Agency of Education, the Secretary of Administration and the Joint Fiscal Office, is required by 32 V.S.A. § 5402b to calculate and forecast a property dollar equivalent yield, an income dollar equivalent yield, and a nonresidential tax rate by December 1. This letter is submitted in fulfillment of the statutory obligation. The Department of Taxes, Department of Finance and Management, Agency of Education, and the Joint Fiscal Office prepared consensus forecasts on various components of the Education Fund Operating Statement for Fiscal Year (FY)2020 so that the required analysis could be performed. Many thanks go to the talented staff in both branches who performed this vital work.

5402b(a)(2) Mandated Forecast

In the statutorily mandated calculation and recommendation under 32 V.S.A. 5402b, the Commissioner must assume the following:

1. The homestead base tax rate is \$1.00 per \$100.00 of equalized education property value;
2. The applicable percentage under 32 V.S.A. 6066(a)(2) is 2.0;
3. The statutory reserves under 16 V.S.A. § 4026 are maintained at five percent; and
4. The percentage change in the average education tax bill applied to nonresidential property, homestead property, and taxpayers who claim a property tax adjustment is the same for all three types of payers.



Applying these statutory assumptions, the yields and non-residential rate in the table below would support all forecasted FY20 education fund uses and maintain the statutory reserves under 16 V.S.A. §4026 at five percent. Additionally, the percentage change in the average bills for non-residential property, homestead property, and those who claim an adjustment¹ under 32 V.S.A. §6066(a) are projected to be equal under these yields and non-residential rate.

Homestead Yields and NR Rate	FY2019 (for comparison)	FY2020
Homestead Property	\$10,220	\$10,666
Income	\$12,380	\$13,104
Non-Residential Property	\$1.58	\$1.58

Average Rates

If the forecasted yields and rates in this letter were adopted, the average 2019-2020 (FY2020) equalized property tax rates would be as follows:

	FY2019 (for comparison)	FY2020
Homestead Property	\$1.50	\$1.50
Income	2.49%	2.45%
Non-Residential Property	\$1.58	\$1.58

It is important to note that level rates do not mean bills will stay the same. Although the forecasted rates remain level, the average property tax bill would increase by 1.52% due to projected growth in education spending (3.24%), property values (2.5%) and household income.

Education Spending Growth

Total education spending is forecast to continue to grow while the number of pupils continues to decline. On a per-pupil basis, the expected growth in spending is forecast to be 4.1% on average.

	FY2019 (for comparison)	FY2020	Rate of Growth
Total Education Spending (\$Millions) ²	\$1,371.4	\$1,415.9	3.24%
Equalized Pupil Count ³	88,359	87,621	-0.84%
Average Equalized Per Pupil Spending	\$15,520	\$16,159	4.1%

¹ Those who claim an adjustment will pay FY20 taxes based on their 2019 household income

² Total education spending for property tax rate purposes as defined by 16 V.S.A. § 4001 (6)

³ "Equalized pupils" is a weighted number. Actual student enrollment is lower.

Other Considerations

This forecast is calculated as prescribed in statute with the information available to date. There are always variables, concerns and opportunities to consider when we look beyond the prescribed forecast above. In addition to the thoughts shared below, an information sheet with some fiscal facts from the education fund and our financing system is attached. I think you will find these facts thought-provoking and perhaps enlightening.

As noted above, this forecast assumes 3.24% growth in education spending in conjunction with the loss of over 700 equalized pupils. Notwithstanding the rate stability possible this year, these are not sustainable trends for Vermont taxpayers. The lack of rate pressure this year is best attributed to grand list growth, anticipated one-time carry forward and expected growth in other education fund revenue, such as the sales and use tax and rooms and meals tax.

Act 11 of the 2018 Special Session set the homestead yields and non-residential property tax rate for FY19 prior to the July sales and use tax upgrade that included consideration of the decision by the Supreme Court of the United States in *Wayfair v. South Dakota*. This decision effectively broadened Vermont's sales and use tax base to more e-commerce sales. The Governor has called for transforming Vermont's education continuum from its current K-12 focus to a cradle-to-career system that is the best in the nation. To that end, he has proposed dedicating this windfall revenue to support greater investments in early care and learning initiatives. For FY20, the consensus revenue forecast for *Wayfair*-related revenue is \$6.6 million.

When I wrote this letter last year, we were looking at nearly 10-cents in property tax rate pressure using a similar forecast for education spending growth. However, the hard work of school boards held overall education spending growth to 1.7%. If districts can collectively limit the statewide spending increase to that same 1.7% this year, it would allow for 2.5% per pupil spending growth and still free up over \$21M, which could be used to both lower tax rates and make the crucial investment in our youngest students mentioned above. Said plainly, this year we have an opportunity to both lower the non-residential and average homestead rates and increase investment in our children's early care and learning.

I look forward to working with you in the upcoming legislative session as we work to make the most of the opportunities now available to us.

Sincerely,


Kaj Sansom
Commissioner, Department of Taxes

cc: Susanne Young, Secretary, Agency of Administration
Daniel French, Secretary, Agency of Education
Adam Greshin, Commissioner, Department of Finance and Management
Rep. Janet Ancel
Sen. Ann Cummings
Sen. Philip Baruth
Stephen Klein, Joint Fiscal Office
Luke Martland, Legislative Council

FY 20 Budget Reduction Information
11/28/18

Per email from Deb Clark, the Board is requesting a 3% reduction in the draft FY20 budget proposal. This would amount to \$60,000 in reductions for Lamoille Union Middle School.

<u>Description</u>	<u>Amount</u>	<u>Reduction</u>	<u>Comments/Concerns</u>
1100 Reg. Educ.			
1100.111 – Substitutes	35,000 to 25,000	-10000	Often not enough subs
1100.270 – Tuition	25,000 to 22,500	-2500	More in Master Programs Currently, so may not be enough
1100.504 – 504 Services	5,000 to 2500	-2500	Need varies
1420 Co-Curricular			
1420.110 – Lunch Detention Monitor	2,932 to 0	-2932	Transportation an issue for after school detentions (-4912)
1420.110 – Team Leader	1,980 to 0	-1980	School Guidance not represented
2120 Guidance			
2120.330 – Crisis Screening	800 to 0	-800	If LCMH not available, we need to use Someone on site who charges
2120.670 – Software Report Card Add-On	5300 to 2000	-3300	Now in second year, so fee lower
On-line program	4500 to 500	-4000	MS students have not been successful on-line courses
PSST	250 to 0	-250	Currently on-hold (-7550)
2190 After School Programs			
2190.115	19,031 to 10,000	-9031	Will put on hold plans to expand after School offerings
2213 – Staff Improvement			
2213.114 -Team Leader Retreat Materials	2,220 to 1,000	-1220	
2213.114- Summer Work *Interdisciplinary	3,840 to 0	-3840	Impacts progress towards Continuous Improvement Plan (-7035)
*Content	1,975 to 0	-1975	
2213.330 – PBL Consultant	4,000 to 0	-4000	Will no longer be available to support English and Science, had hoped to connect with math next year, as well
2213.610 – Supplies	8900 to 4,050	-4850	Restorative Justice materials impacted, as well as curriculum planning
2213.322 – Conferences	20,000 to 16,319	-3681	Fewer opportunities for PD

**1118 – Student Support
Center**

1118.640 – Books	600 to 0	-600	
1118.641 – Periodicals	591 to 0	-591	
1118.730 – Equipment	2,400 to 1,200	-1200	Planned to increase sensory resources
1118.810 – Dues/Fees	750 to 0	-750	

TOTAL REDUCTIONS

\$60,000

Summary:

1100 Regular Education	\$15,000
1118 Student Support Ctr	\$ 3,141
1420 Co-Curricular	\$ 4,912
2120 Guidance	\$ 8,350
2190 After School Programs	\$ 9,031
2213 Staff improvement	<u>\$19,566</u>
TOTAL	\$60,000

EDEN

-Eden increase is primarily to 2840.133 Salary line item increase to cover hiring of new Tech Coordinator with higher level skills

-2840.530 covers internet ERate consulting. My last year numbers of \$5,940 are the same, so the approved amount is for figures I did not enter. Supported DAC Deficit reductions.

WES

-Waterville increase to 2840.133 Salary line item increase to cover hiring of new Tech Coordinator with higher level skills.

-2410.530 reduced by \$3,000 to cover \$3,000 increase shown in 2840.530

-2840.530 covers internet ERate consulting and phones. My last year numbers of \$5,552 are the same, so the approved amount is for figures I did not enter. Supported DAC Deficit reductions.

-2840.670 should have been \$3140 for FY19 not \$2102. May have been a DAC deficit reduction.

BCS

-Dylan reduced his 2600.530 by \$4,000, which covered phone and DSL internet at BCS. BCS 2840 increased by \$4,000. Does not effect overall %.

Summary

-Increase is now 8.58%

-Of the 8.58% increase in 2840, 3.66% is WES and ECS salary increase leaving 4.92%.

-Of the 4.92%, 4.13% covers the corrections to 2840.530s.

-The remaining 0.79% covers the \$3,000 increase in 2840.530 at WES but is offset by the reduction in 2410.530 for WES by \$3,000.

R/

Brian Pena