LNSU/LNMUUSD Finance and Capital Committee
Minutes of Meeting
December 6, 2021

Committee Members Present: Mark Stebbins, Katie Orost, Sue Prescott, Mark Nielsen, Laura Miller, Patty Hayford, Angela Lamell, Bart Bezio
Administration Present: Deborah Clark, Brian Pena
Minute Taker: Sue Trainor

Call to Order, Approval of Agenda and Public Comment: Stebbins called the meeting to order at 6:03 p.m. Orost made a motion, seconded by Nielsen, to approve the agenda. The motion passed unanimously. There were no public comments.

Consent Agenda Items: Minutes of the November 22, 2021, meeting; Finance and Capital Committee meeting. Nielsen made a motion, seconded by Lamell, to approve the minutes. The motion passed unanimously.

Update on Wireless Access Project: Pena reported to the Committee that in March they had gone out to bid. It had taken USAC months to respond to the request for payment. This has caused increases in the costs of supplies and some eligible funding had been lost. In total, the project had increased in cost by 100% for all schools. There was a 20% estimated increase from Twin State. Because USAC changed their numbers, $43,716 had been eliminated. The original cost for the District had been $120,141. With the increase, the estimated cost for the project would now be $207,636.

Normally, the total anticipated cost of $413,000 would need to be paid by the District first and reimbursement would come later. Pena has asked Twin State if they would be willing to take the District's portion and wait for the reimbursement amount from USAC. Pena was hopeful they would agree to that. This would mean the District would only have to pay 50%, or $108,000, to begin the project.

Pena explained that the concern with the access points was not that they weren't working, but that in May of 2022 the devices would no longer be offered software updates, which could make the devices vulnerable.

Orost asked how often e-rate funding changed. Pena stated it could change each year based on enrollment. The District submitted enrollment numbers usually in October. Last year's numbers were lower and that was why they were receiving less money. Pena noted that this project had always been discussed as being a capital reserve project. It had been added into a capital reserve plan that had been discussed 18 months ago and was also in their five-year plan. However, money was never put into the budget for the project. Doing this project would also deplete the five-year e-rate monies.

Bezio asked about the types of vulnerabilities they would be exposed to that Pena had referred to. Pena stated the access points' operating system would be out-of-date and would become more of a security risk. Updates would no longer be provided and the system could be attacked by hackers.

Prescott asked how much was in capital reserve for this project. Pena stated there was $855,770 in capital reserve for all of the schools. However, this amount was most often used for infrastructure needs. Clark stated they used to have dedicated reserves for IT in the past, but it was now considered part of infrastructure needs. There were surpluses coming out of FY21. Those funds could be available for capital but not until after voters voted on it in March. This project had been scheduled and funded but now with the price increase and the e-rate decrease it changed how to move forward. Clark suggested that the administration review the budget and the state funding again and then return to the FCC and the full Board with a recommendation.

Prescott asked if any of this was eligible under any of the COVID grants. Clark stated they would review that. Those funds had already been slated for other items, but they may have to look at redirecting the funds. They were having trouble hiring some of the positions they had wanted to fill and they had three years to use the funds. The funds had been dedicated to student supports and academic recovery directly versus the infrastructure supporting it.

Stebbins asked if there was any concern about getting any of the parts. The vendor seemed positive that if the order was processed this month for the 155 access points the parts would arrive before February. The only other issue could be the cabling and fiber from Twin State and when they could do the work. The delays in shipping products caused scheduling problems for Twin State.

Nielsen asked about building priorities for the access points. Pena noted that the high school/middle school/GMTCC would be the most expensive.

Clark stated emergency repairs were needed at Johnson, there was a need to repair a water line break at the high school, and there was a Belvidere mold issue. Her recommendation right now was going to be to divert the ESSER funds as much as possible and get these access points in place. She was becoming more and more concerned. May was only six months away and supply chain problems were six months out or more. If this project didn't move forward the project could be delayed twelve months and the District would be exposed.

Orost stated she thought this should go to the full Board next week. The Committee agreed.

FY2023 Budget Review: Clark reported that the overall general assessment for the LNSU was up 3.36%. Non-transportation bill-backs were up because Jeremy LeClair would now be paid out of LNSU at 87%. There were extraordinary transportation costs, which were now consistently being charged as a result of transporting Belvidere and Waterville students. The bill-back for transportation was up $57,000 and interest income was down slightly.

Salary and benefits were increasing at a moderate rate of 1.93%. This was due to the cost of several positions moving to Cambridge. It appeared that the Legislature was not going to require that the District move to e-finance. The conversion of chart of accounts had been done but e-finance was not working well and they were not forcing districts to convert.

Contracted services were projected to increase by 9.38%. These services were due to wage increases in transportation. Consolidated IT supply costs were increasing by 255.33% or $58,313 at LNSU. This was mainly a result in a shift in budgeting.

Clark explained that special education costs were down 18.89% overall. The new block grant at the SU for this first year seemed to be to the District's benefit. There was a reduction in expenses, but not a reduction in the grant money. Future years may level out. The District was no longer receiving reimbursement for special education on a reimbursable/non-reimbursable basis. The District was just receiving a block grant to use as necessary.

Clark stated the general education assessment was projected to be $1,459,282. The special education assessment was projected to be $1,913,887.

Clark then moved on to discuss the impact of paying rent for a new Central Office location. For every $10,000 change in assessment expenses, it would impact the elementary school MUUSD, the secondary school MUUSD, GMTCC and Cambridge by:

MUUSD-A:	$3,526
MUUSD-B:	$3,932
GMTCC:	$793
CES:	$1,749

$5,000 paid for internal cleaning would be eliminated. The rent for the first year would be $68,250, with utility costs being included in that figure. Building insurance expenses would be reduced as well. Other items related to the current Central Office building would be reduced: plowing and sanding, preventative maintenance, repairs and pest control. All of this would potentially increase the LNSU budget by:

MUUSD-A:	$11,649
MUUSD-B:	$28,877
GMTCC:	$2,620
CES:	$5,778

The soonest the new building could be occupied would be July of 2023, or FY24. Therefore it would not impact FY23's budget. However, if the Board were to look for a temporary location for Central Office in the meantime it would impact the FY23 budget.

Clark then reported on the MUUSD preliminary budget. Before the Hyde Park bond principal came on, there was a 4.73% increase in education spending at the elementary schools. The December 1 tax letter referenced a 4.28% expected statewide increase so the District was close to the statewide number. The big changes were the long-term debt at Hyde Park, compensation and benefits increasing 4% and all other items, including the assessment going up 2.76%. The Hyde Park bond was the big driver and it brought the increase from a 3.49% expense increase to a 6.78% increase.

MUUSD-B education spending was increasing 4.37%. Compensation including benefits would increase 1.08%. Professional services increased significantly at 24.32%. Rather than fill some positions, Bethann Pirie felt it was better to hire some outside services. Repairs and maintenance costs would increase 14.70%. Laflam had included about $150,000 of costs that Clark had moved out of the general budget. Other services, such as tuition, transportation, insurance, etc. were up 12%. Supplies and equipment were going up 7.37%. Special education costs for paraeducators' compensation and benefits would increase 4.57%.

Clark had reduced the common level of appraisals by ten points. She reported that the state would continue to ignore the FY20 enrollment numbers. At the worst, the equalized pupil number would remain the same, but she had increased the number by ½ of the increased enrollment of SY22 over SY21. The AOE was suspending the per pupil excess spending fines for FY23. However, Clark left the excludable expenses calculation in the tax worksheet.

At the elementary school level, applying $264,000 available reserve and $621,000 in revenues, the education spending amount was $13,100,633. This would result in a per pupil equalized spending amount of $19,364. Dividing that by the yield resulted in a tax rate of 1.4968 at the elementary. That was a decrease from last year of $7.46%.

At the Union school, applying $450,000 of available reserves and $855,000 in revenues, the education spending amount was $14,014,894. This resulted in a per pupil equalized spending amount of $16,462. Dividing that by the yield resulted in a tax rate of 1.2725, which was almost a 10% reduction from FY22.

Combining the elementary schools and Union school, the result was a pre-CLA rate of $1.39, which was a decrease of 8.53%. This would result in a $130 reduction in tax bills. However, after the CLA, the increase per $100,000 in property value was $30.75 for Johnson, $22.91 for Hyde Park, and $19.05 for Waterville. Johnson would have a reduction of $48.80 and Eden's decrease would be $17.26.

Clark explained that if they wanted to increase the SU budget by $33,000 it would increase expenses at the elementary level $11,649 and would increase expenses at the MUUSD $28,877.

In response to a question, Clark stated that support staff were taking on 2% more of their health insurance premiums which resulted in a small savings. The new cash in lieu law meant that if anyone was getting coverage through any of the school districts, they wouldn't be eligible to receive cash in lieu at a second school. This also provided some savings. Additionally, for the first time in a decade, premiums were only going up 5%.

The first budget presentation to the MUUSD was tentatively scheduled for December 27th. The MUUSD needed to approve the budget by January 12th. Clark could start presenting information at the next Board meeting with the unknown equalized pupil and CLA numbers.

Clark confirmed that the full Board would be receiving information on Central Office at the next meeting on December 13. The Committee decided that the December 27th meeting should not take place and agreed that the budget numbers could be presented at the January meeting.

Miller asked if any other location, other than PH Edwards have been looked at for the Central Office relocation and suggested that if this was going to be a topic of discussion all other possibilities should be researched. Clark stated that Laflam would provide further information at the Board meeting. Miller suggested looking at the Manosh building.

Stebbins clarified that the Committee would review the information with the Board next week and not meet again until January 3rd when final information was available.

Prescott stated that the distribution of the fund balance was still a concern for her. Clark outlined again for the Committee that the elementary level would use $264,000 out of a reserve of $378,823 and the secondary level would use $450,000 out of a possible $561,611. The SU would use $653,000 out of a reserve of $779,000.

Lamell asked for information on the FTE's and Clark stated she would provide that. Several Committee members noted the information being provided was very high level and in the past they had received more detailed information. Clark stated she could provide that.

Other Business: There was no other business.

Adjourn: Orost made a motion, seconded by Miller, to adjourn the meeting at 7:25 p.m. The motion passed unanimously.