



SCHOOL COMMITTEE

BUSINESS MEETING OPEN SESSION MINUTES

March 5, 2024

Meeting:	School Committee
Date:	<i>March 5, 2024</i>
Location:	MERMHS Learning Commons
Attendees:	Pamela Beaudoin, Superintendent Theresa Whitman, Chairperson John Binieris Jake Foster Kate Koch-Sundquist Anna Mitchell, Co-Chair Chris Reed Erica Spencer
Absent:	
Guests:	Frank Serreti, Powers & Sullivan, LLC Heather Leonard, Director Curriculum & Technology Michelle Cresta, Incoming Director of Finance
Recorded by:	Maria Schmidt
Link to Reports and Presentations	https://www.mersd.org/domain/785

A. Call to Order of – Ms. Mitchell called the School Committee Business meeting to order at 6:06 p.m.

B. Business Meeting Open Session

- 1) **Public Comment (Guidelines for public comment can be found in sections BEDH and BEDH-E of the School Committee policy manual)** – none
- 2) **Student Report** – Stella Straub reported on the meeting of the Student Advisory Board, held the previous day, and expressed relief on behalf on the student body that the proposed changes to the high school daily schedule would not be implemented in

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the coming year. Band and Chorus students were particularly relieved because they feared that fewer students would join if those classes required taking up a course block instead of being held during the U Block. Ms. Straub stated that the Student Advisory Board came to the consensus that, although students may experience stress in having to select from a relatively large course offering, the large degree of choice in course offerings is part of what makes MERHS unique, and it is a benefit to the students. Ms. Straub said that she thought students would be more open to necessary changes, in any area, with greater advance notice. Ms. Straub shared that students returning from the school break Spanish trip to Costa Rica returned with an awareness of themselves and their relation to the world around them. Ms. Straub said that it put her in mind of the district goal of global citizenship in the Vision of the Graduate and how students can become empathetic citizens. Superintendent Beaudoin expressed pleasure at seeing this connection made and shared that she recently met with Diane Kilgore from the Manchester Cultural Council. The Cultural Council recently brought in the grandson of historian David McCullough as part of its speaker series. His work concerns immersive cultural experiences and may lead to opportunities for MERHS students to participate in yearlong learning experiences around cultural competencies. Although in the exploratory phase, Superintendent Beaudoin said that administration was excited to partner with the cultural council to bring these opportunities to students. Students in the high school French language program will also have the opportunity to participate in a trip scheduled for the April break.

3) Chairperson's Report – Ms. Whitman reported that she received a response from MASC in regards to the SC inquiry about changes to the schedule and that she forwarded their input to SC members. While the April 2 School Committee meeting will be dedicated to the EES facilities project, Ms. Whitman stated that the March 19 meeting has room on its agenda and suggested moving some of the current agenda items to that meeting, allowing SC members to attend the basketball playoff game taking place in the high school gymnasium. The SC agreed to postpone the evening's subcommittee reports and the School Committee action items until that time. Ms. Whitman stated her intent to rearrange agenda items to facilitate an early adjournment.

4) Consent Agenda –

- Acceptance of Warrants: Accounts Payable (AP) vouchers 1048 - 1054
- Minutes for approval: February 6, 2024
- Donation from the Friends of Manchester Essex Performing Arts for the purpose of an acoustic diagnostic test of the middle/high school auditorium. Although this donation amount is under the normal threshold for SC consideration, Superintendent Beaudoin wanted to bring it to the School Committee's attention because there is the potential for the test results to impact capital planning.

Ms. Koch-Sundquist moved to approve the Consent Agenda; Ms. Spencer seconded the motion.

Discussion: Mr. Foster stated that this is a well-timed gift. He said that it is often difficult to hear when attending performances in the auditorium.

The motion passed unanimously.

5) Continued Business –

- a. **FY23 Auditor’s Report – Frank Serreti, Powers & Sullivan.** Mr. Serreti referenced Powers and Sullivan submissions included in SC meeting materials and the MA Department of Revenue regulations for certification of excess and deficiency. Mr. Serreti began with a review of three recommendations from the conclusion of last year’s audit. Powers & Sullivan had previously recommended that MERSD should assess the roles of the business office and add a payroll and purchasing clerk to the organizational structure. This would bring MERSD in-line with districts of similar size and facilitate and allow for timelier completion of closing processes, including the yearly audit and E&D certification. The district has since hired a payroll and purchasing clerk in fiscal year 2023. Powers & Sullivan recommended the adoption of formal financial policies. For example, financial policies will establish benchmarks for excess and deficiency, fund balance levels, a long-term capital and debt plan, and other important financial indicators. Other policies that should be considered are purchase order requirements, and allowable use of District credit cards. The School Committee’s policy subcommittee is currently working on drafting financial policies. The recommendation by Powers & Sullivan remains in place for this fiscal year. Powers & Sullivan noted a prepayment of debt interest, which is not allowed and resulted in a reduction of the district’s E&D. This practice could prove problematic if E&D funds were earmarked for a specific purpose or needed for an unanticipated event and then unavailable due to prepayment. Powers & Sullivan recommend the district implement procedures to ensure that debt payments are paid in accordance with the required debt schedules and that payments are made in the proper fiscal period. MERSD administration intends that the incoming Director of Finance & Operations will review existing debt payment systems and protocols and implement revised procedures to ensure debt payments are made in the appropriate fiscal period.

Mr. Serreti explained that the audit is conducted in a few phases. The team comes out to do preliminary work in the later part of May, including testing of federal awards, auditing debt, reviewing of internal controls, and transaction testing. At the end of the year, the firm returns to conclude year end testing. Finally, they work on compiling financial statements and reports.

Examination of Basic Financial Statements – Mr. Serreti reported that there were not issues this year. One of the critical items monitored is cash, meaning the revolving accounts. Mr. Serreti said these must be reconciled monthly between the bank and the book. After review, Mr. Serreti reported that his firm is very comfortable with the internal control evidenced by the district treasurer.

Required communications:

Powers & Sullivan reviewed the underlying assumptions of key factors that go into developing the district's budget estimates and found them to be reasonable in relation to the financial statements of the district.

No difficulties were encountered while performing the audit.

Audit Adjustments: Audit Adjustments are defined as a proposed correction of the financial statement that may not have been detected except through the auditing procedures. None were required.

Disagreements with Management: A matter, whether or not resolved to Sullivan & Powers satisfaction, concerning an accounting, reporting, or auditing matter significant to the financial statements or auditors report. No such disagreements took place.

General Fund Balance – Mr. Serreti referred to financial statements included with meeting materials. Mr. Serreti highlighted the total assets, pointed out the individual fund balances, and stated that the unassigned balance is the starting point for the E&D calculations. E&D was certified at \$1.5M for FY24, which was \$150K under the 5% state limit. Any portion over this would need to be returned to the towns, per state law.

Operating results – General fund operation resulted in a slight fund increase of \$10K. Revenues came in over budget by \$237K, mainly through investment income. Expenditures came in \$392K under budget, related to non-salary expenditures. Mr. Serreti stated that MERSD tends to be conservative in its budgeting estimates and said this is good because it is undesirable to come in under budget in revenues. He said the budget is structurally sound with good budgetary controls as far as controlling spending.

School Choice Funds – Mr. Serreti said that this fund was largely maintained at a level basis through FY23.

Long Term Debt – No new debt was issued. \$42.2M outstanding. Short Term Debt of \$1.3M outstanding on Memorial School Project.

OPEB – Net OPEB liability increased by \$758K. The district has a fully-funded discount rate of 7.5% that Mr. Serreti described as really reducing the liability. He stated that few school districts or even municipalities have achieved a fully-funded rate. MERSD was proactive in their plan to fully fund its liability. At the end of the year, the OPEB liability was 17.3% funded. Net pension liability increased by \$1.9B. MERSD is a member of the Essex Regional Retirement System. Essex Regional is about 58% funded.

Summary: Sullivan & Powers issued a clean, unmodified opinion on the financial statement, meaning the financial statements are fairly stated in all material respects and in accordance with generally accepted

accounting principals. Financial performance indicates a solid budget process and budgetary controls. The information received was accurate. No internal deficiencies were noted and all interactions were professional.

Report on Federal Award Programs – Required for any entity spending more than \$750K. MERSD received funds for child nutrition, special education, disaster grants, and other education grants. A process determines which program is tested and this year the SPED program was tested. The program received a clean report.

Management Letter: There was a new comment in the management letter this year. Only prepayment of SPED tuition is allowed by Massachusetts law. However, an early payment for debt service went out on June 29, 2023 which should not have been paid until July 1. Likely, this arose because of concern around the holiday. However, Sullivan & Powers stressed the importance of insuring this does not happen going forward.

Questions: Mr. Binieris asked for clarification about the discount rate for OPEB. Mr. Serreti stated that, depending on the funding level of the fund, the entity receives a better rate. If there is not enough in the fund the EE bond rate is required, but as the funds grow, a better rate is gained. Ms. Whitman noted that the management letter recommended financial policies around PO requirements and use of the district credit card. Ms. Whitman asked for an example. Superintendent Beaudoin said that the district has only one credit card and requires a purchase order for its use in all but emergency situations. Mr. Serreti said that it is important to document existing policy so that it endures beyond the tenure of the current administration. Mr. Foster stated that he is coming to learn that there are also revolving accounts that are treated as reserves and asked if the recommendation was for a policy for both types of funds. Mr. Serreti said it should apply to only the technical reserve fund. Superintendent Beaudoin stated that OPEB is memorialized in the teachers' contract. The state caps E&D at 5% of the operational budget. If the E&D comes in over that, the state requires the return of excess monies to the community. Mr. Foster said that historically the E&D has stayed fairly stable, despite use of funds in the budget and asked for the opinion of incoming business manager, Michelle Cresta, about whether the budget should be crafted with less likelihood of excess at the end of the year. Ms. Cresta stated that conservative budgeting is a very good place to be. Ms. Cresta also pointed out that much of the gains this year in income for the district came from investment income due to a spike in interest rates. Ms. Cresta warned against the dangers of not meeting budgeted guidelines if too restrictive a budget is adopted. Ms. Whitman pointed out that SC members are working to understand what is defensible. Mr. Serreti said that, as accountants, they want to see reserves that do not go above the 5% limit, but are close. Ms. Mitchell stated that there is a yearly excess of 1% in the operational budget. Ms. Mitchell asked why, with the state limit of 5%, some entities choose to restrict reserves to 3%. Mr. Serreti said that there has historically been periods of

distrust about schools having too much in reserves. However, he said he does not think this is the case currently and is seeing a shift away from that limit. Superintendent Beaudoin stated that when the district receives reimbursement from the towns for field expenses it must go back into the stabilization fund. She plans to wait for Ms. Cresta to complete the process. Ms. Mitchell asked for clarification about the differences between capital expenses in the operational budget and the Capital Budget. Mr. Serreti clarified that the Capital Budget refers exclusively to debt service. The superintendent explained how, within the operational budget, large scale purchases, such as the adoption of new curriculum, may be paid over a few years and listed in a “large cap” line in the operational budget. Ms. Mitchell asked about late filing of the E&D given that MERSD has filed past the deadline in previous years. Mr. Serreti said that late filing is not uncommon, and that there is some flexibility in the DOR, although the state can threaten to withhold aid. Superintendent Beaudoin confirmed that the district has found itself in that position. With the addition of the suggested staff member, the district is now in the position to have reporting done sooner. Ms. Whitman stated that some in the community have questioned whether a new firm should complete the yearly financial audits for the district because Powers & Sullivan have been the district’s auditors for a number of years and asked for Mr. Serreti’s opinion. Mr. Serreti spoke to the value of Powers & Sullivan’s experience with the district and also said that a fresh perspective could be achieved by changing partners without changing firms. Their recent merger with Marcum was cited as likely to yield fresh approaches. Ms. Whitman noted that each year the comment section of the audit report shrinks, emphasizing the growth of the district.

b. Curriculum & Instructional Technology Update – Heather Leonard

- i. MERSD Wellness Advisory Committee (Co-Chaired with Kim Provost)
- ii. MERSD awarded DESE Genocide Education Grant – new award authored with faculty member Lauren DuBois. The grant totals \$30,000 over two years and will be used for the purchase of materials and resources, for internal work to align curriculum, for staff training for professional development starting in the spring, and for partnerships including with Primary Source. This work is in compliance with the 2021 Mass Chapter 98 law requiring genocide education.
- iii. Student Academic Support
 1. Continued High Dosage Math Tutoring with MS (8th) & Essex (4th) with DESE grant
 2. Additional Tutoring at Essex Elementary targeted content areas of need in partnership with Catapult Learning starting immediately
 3. Summer Literacy Program with the YMCA – Free opportunity, invitation-based, for identified students using Wonders

resource that includes food, transportation, and fun for all included

- iv. STEAM Showcase – The upcoming showcase on March 27 has been expanded to include booths from both elementary schools, as well as the middle school, high school, and community partners. In addition, Butter Ur Biscuit food truck will be on site
- v. Spring Curriculum Spotlights – History/Social Science

Discussion: Superintendent Beaudoin stated that the curriculum spotlights are presently scattered throughout the calendar. Administration would like to condense the presentations to twice per year. Mr. Foster asked if these presentations are intended to seek recommendations or as updates. Superintendent Beaudoin said that their purpose is to educate the School Committee and not necessarily to seek recommendations. Ms. Leonard said that they do not require approval during these updates but rather look to update the SC and families. Hearing no objection, Ms. Whitman stated the SC's approval for the change.

- c. **2024-2025 District Calendar** – Superintendent Beaudoin stated that the current draft of the FY25 district calendar was approved by the META executive committee. It includes changes to report card dates and the release date.

Clarifying Questions: Ms. Mitchell noted that both Columbus Day and Indigenous People's Day are used for the October holiday and asked for clarification on the term for the holiday. Superintendent Beaudoin stated that DESE still refers to the holiday as Columbus Day. However, given the district's work on cultural competency there is drive to update the holiday to Indigenous People's Day. Ms. Whitman suggested not making a change to the terminology without advanced notice to the community.

Ms. Whitman moved to accept the MERSD FY25 Calendar as presented. Ms. Mitchell seconded the motion

Discussion: Ms. Koch-Sundquist noted that the new calendar includes an increase in the number of early release, professional development days from eight to eleven. She expressed concern that this placed childcare strain on families. Superintendent Beaudoin stated that the additional three days of professional development were a request to meet demands on staff, including NEASC work, from the leadership team and professional development committee. Ms. Whitman confirmed that eleven would be the new baseline. Ms. Leonard stated that she has heard from building administration that it is difficult for vertical groups to get together to meet departmental needs, district initiatives, and professional development. The additional days are intended to provide the extra time needed. Ms. Spencer asked if a full PD day could replace two half days. The superintendent explained that a full PD day would extend the school year and would be expensive. Ms. Koch-Sundquist asked if some of the days could be Fridays. Superintendent Beaudoin said that it is hard for staff to roll up their sleeves to do difficult training on Friday afternoons. Ms. Leonard pointed out other changes to the calendar – K-8 parent conferences are now after parents receive report cards in December, and the full day PD day is now March 17. Previously the full PD day was attached to a holiday weekend. Superintendent Beaudoin asked if the impact was harder for Essex because Essex does not have an after school care options. Ms.

Whitman agreed that is the case and also pointed to a lack of downtown options for dining. Ms. Spencer stated that there are also not enough spots available in Manchester's after school program for early release care.

Mr. Foster moved to table the vote pending further review by the leadership team given current School Committee input. Ms. Mitchell seconded the motion

The motion passed 4-0.

Superintendent Beaudoin clarified that the SC accepts the two week winter holiday on the draft calendar.

6) Superintendent's Report – Pam Beaudoin

- a. Essex Principal Search** – Site visits were concluded for the final two candidates and a decision is planned by Monday.
- b. School Choice** – Enrollment levels have been increased to 24 in grade 6-9. The application period closed on March 1 and the lottery will be held on March 11. Placement of five to six students in grades 6-9 in planned with no students accepted in grades K-5.
- c. EES Building Project** – The district has entered the eligibility period. Requirements for participation on the EES Building Committee have been posted and Letters of Interest will be collected until March 20 with appointment at the April 2 meeting. There should be an opportunity to meet and get the group oriented before things pick up in the fall. Superintendent Beaudoin said that the Facilities group discussed preparing for the feasibility study vote. The goal is to hold a facilities subcommittee meeting on March 15 and invite those from both towns who will be involved in structuring the feasibility vote to review the language placed on town ballots and examine estimates of the cost and how the split will work. Last time, MERSD picked up one third of cost and the remainder was split between the towns after being run through the apportionment formula. Recent estimates from the MSBA put the cost of the study at \$1.2M. Superintendent Beaudoin noted that MERSD is counting on reimbursement for field replacement costs to fund its portion of the feasibility study.

Mr. Foster noted that the Memorial Building Committee has not yet been closed out, and Superintendent Beaudoin said that there remain a few financial items to close out. Ms. Mitchell asked if the feasibility study would determine whether the best scenario could be expansion of the Memorial School. Superintendent Beaudoin said that task would belong to the School Committee. Ms. Spencer said that she understood the purpose of the feasibility study to be the determination of whether it would be better to refurbish the existing structure or tear it down for new construction. The superintendent said that the SC could ask for it to become part of the scope of work.

- d. **Spaulding Education Fund** – Superintendent Beaudoin reported that MERSD was the fortunate recipient of over \$27K in grants from the rejuvenated Spaulding Education Fund, benefitting nine programs from the elementary through high schools. The superintendent expressed gratitude at the generosity and delight to have the fund active again.

7) **School Committee Comment** - none

C. Adjourn

Ms. Spencer moved to adjourn the School Committee business meeting; Mr. Reed seconded the motion. The motion passed unanimously.

Meeting Adjourned at 8:30 pm

School Committee Future Meetings

- Tuesday, March 19, 2024
- Monday, April 1, 2024
- Tuesday, May 5, 2024