

Grand Isle Supervisory Union
South Hero School District
School Board Regular Meeting
Thursday, Jan. 3, 2019, at 6 p.m.
Location: Folsom Education & Community Center

MINUTES

Call to Order

1. Call to order at 6:02 p.m.

Introductions. In attendance:

-Board members: David Cain, Melanie Henderson, Tim Maxham, Bentley Vaughan, Bob Chutter

-Staff: Susan McKelvie, Michael Clark, Rob Gess, Julie Pidgeon

-Audience: Jim Jones (LCATV)

2. Adjustment of Agenda

None

3. Public Comments

None

4. Consent Agenda (Action)

A. Approve minutes from Dec. 20, 2018.

The minutes of the Dec. 20, 2018, meeting were approved as corrected on a voice vote. T. Maxham made a motion to approve the minutes. B. Chutter seconded the motion.

5. Reports

A. Financial (R. Gess). R. Gess referred to the spending report and said budget to actuals is looking fine.

R. Gess said the district is busy finalizing tuition numbers and has 61 of 65 students confirmed. The district is working to finalize and mail residency letters.

R. Chutter asked how R. Gess is looking at encumbrances for salary. R. Gess said he will have that number updated by the end of January.

D. Cain moved and B. Vaughan seconded a motion to accept the financial report. Approved on a voice vote.

B. Superintendent's (M. Clark)

M. Clark reported an error in FY17 Title 1 and Title 2 grant payments. The AOE notified GISU in December that the Agency of Education made an overpayment of \$180,000 in July 2017, which the GISU

will have to reimburse. M. Clark said he has contacted the AOE about this issue, and he will be meeting with AOE on Jan. 4. M. Clark noted that the Sullivan and Powers FY17 audit goes through June 2017, and this information should show up in the FY18 audit. M. Clark said this error happened at a time the district was changing business managers. D. Cain asked if the district had verified this error. M. Clark said it was checked, and he noted a mechanism in the state failed to catch it, as well as district systems. The board and Clark discussed how the overpayment was missed and what the money is typically used for. M. Henderson confirmed that this \$180,000 is in addition to the \$150,000 deficit the GISU has had over two years.

The superintendent also noted:

-The first contract negotiations meeting is Tuesday, Jan. 8.

-A candidate has been interviewed for professional development coaching.

-The lawsuit involving an allegation related to the open meeting law was resolved in favor of GISU by summary judgment.

-Two seats are up for re-election at Town Meeting - the seats currently held by Bob Chutter and Tim Maxham. Petitions are due Jan. 28.

-M. Clark said the warning for Town Meeting must be posted between Jan. 24-Feb. 3.

D. Cain commented on the lawsuit. He read from the summary judgment and said he was disappointed the lawsuit was brought in the first place and cost towns money for something that did not have merit. D. Cain said it caused a board member, Andy Julow, and a superintendent, Don Van Nostrand, to want to leave their positions. M. Clark was asked if the GISU was going to reimburse Van Nostrand and Julow for their time. He said that issue was tabled at a GISU board meeting pending the court's judgment. M. Clark said he believed it will be a topic at the next meeting. The attorney was covered through the insurance less the deductible. D. Cain said he supported reimbursing people who took time out of their day.

Board Business

6. Approval of Bills for Payment.

The bills in Batch 3192 in the amount \$29,933.91 were approved for payment on a voice vote. B. Vaughan made a motion to approve paying bills in Batch 3192 in the amount \$29,933.91. T. Maxham seconded the motion.

7. Review updated draft of budget. Approve budget.

R. Gess reviewed the budget and noted all the changes the board requested had been made, as well as formula errors corrected. He noted the state has had a difficult time producing financial information from the census data. The education spending per equalized pupil is projected to be \$17,013 or 4.2% higher than this year, in the draft.

M. Clark noted that the equalized pupil number and common level of appraisal went down, which causes tax rates to rise.

The projected tax rate would be \$1.637, or a 3.28% increase over FY19, in the draft budget.

D. Cain clarified that the equalized pupil number is based on a state calculation. It was noted the data from the state is not confirmed as it is still collecting census data.

Last year the net equalized pupil number was 214. This year the number is 207.

The CLA was over 100% last year, and this year it is 97.43%. M. Henderson expressed surprise that home values rose so much in one year. R. Gess said the CLA is based on an equalization study that is over a three-year period. D. Cain and M. Henderson both expressed their belief the number should not have changed this much.

The board asked the superintendent to speak with the town clerk about the change in the Common Level of Appraisal. B. Chutter noted that occasionally sales of unusual properties can skew that figure.

D. Cain asked R. Gess to review the projected revenue for the budget. They discussed their projection for tuition-paying students, and it was noted that projecting for 4 students was optimistic, which would lead to a deficit if 4 students do not enroll. The tax rate would rise to \$1.6497 or a 4.1% increase if the number of projected tuition-paying students is reduced to 2 from 4.

The superintendent said the total expenditure budget is only up by \$34,000 over last year, which is essential a flat spending budget. The drop in equalized pupil and in the CLA is hurting the town and resulting in the tax rate increase.

The board asked R. Gess to look at the results on the tax rate if the board budgets for 68 high school students. It would result in a budget that is \$3,652 higher than the FY19 budget. The tax rate would be \$1.635, which is 5 cents higher or a 3.2% increase. The spending per equalized pupil would be \$16,993.

B. Chutter noted in the last review of the budget there were \$200,000 in credits from the end of the bond and in the budget for benefits. R. Gess said the deficit from the GISU is one piece. B. Chutter asked for a breakdown in the increased spending. The board reviewed the budget.

Increases were noted in salary; the GISU assessment; special education; transportation; operations and maintenance.

The board asked the superintendent to provide information on how the state calculates the equalized pupil number so it can check the figure.

The board discussed views on whether to budget conservatively or not on tuition numbers. B. Chutter asked for clarification about the behavior interventionist coach position, and Principal McKelvie gave an overview of the history of the position. She noted it is a student support position, not administration. The board discussed the changing demographic needs of the student population.

B. Chutter asked about the budget for instructional substitutes, which increased. The increase was attributed to the board's being underbudgeted in that line item and an increase in substitute pay.

T. Maxham asked if the long-term maternity substitutes would come out in the substitute line, and it was confirmed that it would.

The board looked at two options for the annual meeting official warning. One option adds two articles to create a reserve fund for capital improvement, and to authorize the board to place unencumbered funds from FY19 in that reserve fund for capital improvement. The purpose of the fund would be to set

aside surplus money for capital expenditures, such as a boiler, rather than asking for a bond. It was noted that having a reserve fund evens out the spending. B. Chutter noted the town has two reserve funds for the fire department and the road department. The board discussed the merits of setting up the reserve fund. B. Chutter said it's a proactive approach to plan for future building needs. T. Maxham said the voters will want to know the types of expenses the fund would be used for. M. Henderson expressed concern about asking to set up such a fund given the tax rate.

D. Cain asked R. Gess to provide both warnings to the board for its next meeting.

8. Review GISU Action Plan in response to FY17 audit:

R. Gess shared a document that listed the actions the auditors recommended GISU take. He has resolved several of the findings already. The AOE agrees with the GISU's action plan. The board discussed the state transition to the new chart of accounts.

9. Update on FY18 audit: R. Gess shared that his office plans to have the FY18 GISU budget audit documents to the auditors by Jan. 11.

10. Set tuition rate: M. Clark clarified that the state sets a maximum allowable tuition rate, but South Hero may set its own tuition rate. R. Gess shared calculations for a projected K-6 tuition of \$14,341; and a projected 7th-8th tuition of \$16,492. The rates must be submitted to the state by Jan. 15. The superintendent noted that if the board charges more than 3% of what it costs to educate a student, the town must reimburse that difference and likewise if it undercharges by more than 3% of what it costs to educate a student, then it can collect that difference. So, the tuition rate needs to fall in that 3% range of the projection for the state's allowable tuition rate. B. Chutter asked what the comparable tuition rates were for surrounding districts. M. Clark said that information is available on the AOE site.

D. Cain made a motion to set Folsom's tuition rate for the 2019-2020 school year at \$14,341 for K-6 and \$16,492 for 7-8th. B. Chutter seconded the motion. Passed on a voice vote.

S. McKelvie said the school is in the process of reaching out to Grand Isle to determine the number of students who might be interested in attending Folsom in 2019-20.

Closure

12. Setting the next agenda

For Jan. 17, 2019

- Approve the budget and warn it

- S. McKelvie and Megan Grube to present on the school schedule

For Feb. 7, 2019

-Town meeting preparation. M. Clark said he is checking on the deadline for information to be submitted for the town report.

13. Adjourn

The board adjourned at 8:05 PM on a voice vote. B. Chutter made a motion to adjourn. T. Maxham seconded the motion.
