

Paul Steimle: Great. Thank you Mrs. Bosinski. I'd like to call the meeting to order. As a result of the COVID-19 pandemic, and in accordance with Executive Orders, please be advised that members of the public will not be permitted to attend this Board meeting in person. The meeting is being recorded and transcribed and will be posted at a later date. I would like to open the meeting with the Pledge of Allegiance.

[All said pledge]

At this time I would like to take a roll call of everyone in attendance. Please state your name.

Jeanne Ernst
Lynn Errington
Lorry Goldhawk
Jessica McLaughlin
Mark Smith
Dominic Vivolo
Paul Steimle
Michael Belle-Isle
Laura Bosinski
Debbie Custodi
Tony Panella
Lynn Shanahan

Paul Steimle: We have no written communication. Are there any reports of the board?

Jeanne Ernst: None, thank you.

Lynn Errington: None

Lorry Goldhawk: None

Jessica McLaughlin: None

Mark Smith: None

Dominic Vivolo: No

Paul Steimle: And I don't either.

Paul Steimle: I will now turn it over to the Superintendent for the Superintendent's Report.

Tony Panella: Thank you. Good evening everyone. Mrs. Bosinski and I would like to review our long range reserve plan. As you know the budget vote will be on June 9 so we will be tallying ballots with our election inspectors after 5:00 pm and then we have a planned meeting for June 16th. So in anticipation for the June 16th meeting, we'd like to look at our long range reserve plan and talk a little bit about our strategy moving forward, as it relates to fund balance and reserves. As Mrs. Bosinski has mentioned, we'd like to keep as much in our unappropriated fund balance as possible, for the anticipated revenue shortfalls that we may see in the future. But we also want to keep an eye on long range planning with our reserves as well. So she will

review where the current status of our reserves are and then talk a little bit about what we'd like to do with any funds we have available at the end of this year. Can you share your screen?

Laura Bosinski: So to start our conversation we wanted to take the opportunity to review the current reserve plan that is in place. This is the plan that was adopted by the Board last year, November. So we can review the reserves we have where we started the year, talk about the funds that were appropriated to the current year budget, what we have proposed to appropriate from these reserves to next year's budget, as well as where we could end up.

So the first reserve we have in our plan is the Reserve for Retirement Contributions. And these funds are used specifically for payments to the Employee Retirement System or the ERS System. That has a balance of just over 1.2 million dollars. This past year we had the authority to establish a TRS Sub-Fund and that is similar to the retirement plan but is specific to TRS payments. This last year was the first time we had funded this reserve and we put the maximum amount allowed which was 2% of the prior year's expenditures of \$476,000 in that reserve. So together in our Retirement Reserve, both ERS and TRS, we have about \$1.7 million. And we have recommended appropriating \$500,000 to next year's budget; \$250,000 from each of the Sub Funds.

Our Reserve for Employee Benefit Accrued Liability is for the payments we make to employees when they leave our District for accrued vacation time, or any other type of retirement payout that we owe contractually to those employees. And the current balance is 1.3 million dollars. We didn't use any of these funds in the...oh wait I'm sorry we did. We used \$200,000 of these funds in the current year and we have proposed \$260,000 out of this reserve to support next year's budget.

Our Unemployment Insurance Reserve is used to pay claims for unemployment and we do not have insurance. We are self-funded so we are a claims-based payment. So this reserve allows us to cover any unexpected costs or increases in this area. The current balance is \$457,000. We didn't have anything appropriated this year, but we did appropriate \$20,000 from this reserve in the 20-21 budget.

Our Tax Certiorari Reserve is used for litigation or claims against the District when challenges are made for property tax assessments. We monitor this throughout the year and we use it only as needed when the payments are made. The current balance is \$485,000. We appropriated up to \$60,000 out of this reserve in the current budget and are anticipating using about 25 of that and then we have an additional 60 for next year. We are fortunate that our tax certiorari claims are on the decrease and as more and more of those cases are settled our balance becomes closer to 100% coverage of the liability that we have.

Our Capital Reserve was established in 2017 and has a \$500,000 limit. We put \$300,000 in it last year but we have no propositions for using this money. It will only be used in the event that

we have another project approved by our voters in the future. It is used to help offset the local share for Capital Construction.

Our Unassigned Fund Balance is...our unappropriated fund balance is typically limited to 4%. We were at 3.96% this year which was almost 2.4 million dollars. We have spoken about this as Superintendent Panella mentioned a couple times throughout our budget development process and due to the unknowns, we are recommending that we exceed the 4% and keep the maximum amount that we are able to in this reserve to help offset any revenue shortfalls we may experience next year.

And then our Assigned Fund Balance is the amount of our unappropriated fund balance that we put forth into next year's budget to help close the gap. We also use \$500,00 of this annually to offset our contingency line, which is our emergency plan. Fortunately we haven't had to use that yet this year, or in any of the years, so our expenditure line of \$500,000 is fully offset by fund balance. So having that additional spending ability in our budget does not negatively affect our taxpayers because we are not levying those dollars towards our tax base. We are fully supporting it with fund balance.

And then we do have a Debt Service Fund that we use for premiums and unspent bond dollars. So we started the year with \$295,000 and we will use that money throughout this year to offset some of our debt. And we brought in I believe about \$5,000 in premium this year that we will use toward next year. So that will offset itself each year.

So that is just a very quick review of our Fund Balance Plan: where we started the year, what we planned to use this year, and then what we promised next year. So to summarize that we have a very simple chart of our actual balances and our total fund balance of \$7.79 million which is where we started July 1. The amounts that we have used, which is the \$200,000 from Tax Liability and \$25,000 from Tax Cert.

The amount that we are proposing to add to the reserves is this column. So the \$498,000 is \$484,000 which is an additional payment to our TRS Retirement Contribution even though we want to keep as much as possible in fund balance, we are recommending that we still fund this reserve because it is so limited from year to year. Two percent is the maximum that you are allowed to put in it and eventually after 5 years the maximum you are allowed to have in it is up to 10% of your prior year. So in any one year if you don't fund it up to the 2% allowable it will take you that much longer to get up to that 10%. In this particular instance we feel this is particularly important because we are using almost half of what we put in there to offset next year. So \$250,000 is about 1% increase in the TRS rate. That would be the cost to our budget. So if we leave the \$500,000 in there (there is about \$480,000 in there now), if we take \$250,000 of that out we will only have enough left in there to help offset only 1 percentage point of a TRS rate increase in future years. Where if we are able to put that money in that reserve this year we will have about \$750,000 in there. All of the remaining additions to the reserves are interest based with the exception of the Unappropriated Fund Balance.

So at our last fund balance presentation we projected that we would be increasing our total fund balance about \$2 million and that is where this category comes in. This is what that might look like. If we added the TRS contribution here and put everything else in unappropriated fund balance leaving \$704,000 appropriated as a gap closure and contingency line as assigned fund balance. What we have assigned to next year is the \$840,000 in reserves plus the \$704,00 of assigned fund balance for a total of \$1.5 million. So even if we used all of our assigned balance next year, which would not be our goal, our goal would be to use as little of it as possible, we would still see an increase in total fund balance two years out from now. Currently we are at \$7.79 almost \$7.8 and we could land if we spent all of that about \$8.2 million.

So we are still being conservative, we are still moving in the right direction, we are using our reserves appropriately to help offset increases and our expenditures, and help control losses of revenues without cutting program but we are not using so much that we won't have enough available if we need it in future years.

Paul Steimle: Mrs. Bosinski could you remind us as well, the money we are adding to the unappropriated, we can withdraw from that at any time, correct? Through the school year?

Laura Bosinski: Correct. So that becomes your available money. An example for clarification purposes: a year or two ago our revenues came in less than our expenditures and we ended up using a little bit of fund balance, and that's where that came from. So it would be very similar if our revenues came in significantly shorter than our projections, our expenses are there, the difference would come out of that unappropriated fund balance pot which is why we are recommending putting the maximum amount possible in there and exceeding that 4% threshold.

Tony Panealla: So the reason we have this on the agenda for tonight is twofold: 1) just to show that we have a good plan for our reserves and fund balance knowing there is a lot of uncertainty ahead of us; 2) on June 16th we give another fund balance update and typically we have a resolution to fund reserves to an "up to" amount. As you may recall, that is not a commitment or a definitive action but it gives an ability to close our books in the summer and fund the reserves up to that amount. Given the uncertainty that we face our goal would be to come back in August, once we have a clearer picture of how our books have closed, and decide whether or not we would like to fund what we put on the board agenda back in June.

So at this point we are recommending that we put as much as we can in our unappropriated fund balance minus \$484,000 as a resolution to fund the TRS Reserve knowing that in the long run that could be an area of uncontrolled increase cost that we face, knowing that the TRS rates are based on a 5-year snapshot of the market. So on the June...unless there is opposition of the idea...on June 16th we have a resolution to fund the TRS sub fund up to the mathematical limit of \$484,000 and then in August we would come back to the Board and say "Our books are closed. The overall amount is \$2 million, so do we want to go as high as \$484,000 or do we want to lower that and keep more in our unappropriated fund balance. It would give us a better

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idea of what our picture is because we would also know the status of the stimulus packages or the governor's potential cuts to our budgets. So that's really the question at issue here.

Is everyone okay with having that resolution on the June 16th agenda to fund the TRS sub fund for up to \$484,000 knowing we will revisit it before we actually move the money?

We will now need a motion to approve new business.

Paul Steimle: Does anyone have any objections? Hearing none, we can move forward.

Tony Panella: I just would like to thank Mrs. Bosinski for her diligence and planning. As you know, many of you that have been on the Board since 2016, we have set a target of having our overall fund balance and reserves be around \$8 million and in that spread sheet that she shared, even if we use \$1.5 million in next year's budget, we still exceed that goal of around \$8.2 million, and that's because of a lot of thought and her planning. So thank you to her. I appreciate that. Well done Mrs. B.

That's all I have for the Superintendent's Report.

Paul Steimle: Alright, we will need a motion for new business.

Dominic Vivolo: I will make a motion to approve items F-1-a through h, F-2-c & d, and F-3-a, d, f & g.

Paul Steimle: Is there a second?

Lorry Goldhawk: I will second that motion.

Paul Steimle: Before I call for a vote, Mrs. Custodi I noticed on the agenda that I printed it goes 1,2,4 not 3.

Deb Custodi: Under which one?

Paul Steimle: Under Financial Reports is listed as "4" on the agenda I printed out just prior to the meeting.

Deb Custodi: That should be "3".

Paul Steimle: Alright, if we just make a note to correct that to "3".

Paul Steimle: Alright, I will make a roll call of each board member for their vote to approve, not approve or to abstain. All those in favor of approving items F-1-a through h, F-2-c & d, and F-3-a, d, f & g please say "aye".

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Jeanne Ernst: Aye

Lynn Errington: Aye

Lorry Goldhawk: Aye

Jessica McLaughlin: Aye

Mark Smith: Aye

Dominic Vivolo: Aye

Paul Steimle: And “aye” as well. Motion carries 7-0.

Paul Steimle: Mrs. Custodi are there any follow up items?

Deb Custodi: No there are not.

Paul Steimle: We will now need a motion to convene to Executive Session::

Jessica McLaughlin: I will make a motion to enter into Executive Session for matters pertaining to the employment of a particular person.

Paul Steimle: Do we have a second?

Lynn Errington: I will 2nd that.

Paul Steimle: Mrs. Errington. All those in favor of convening to Executive Session please say “aye”.

Jeanne Ernst: Aye

Lynn Errington: Aye

Lorry Goldhawk: Aye

Jessica McLaughlin: Aye

Mark Smith: Aye

Dominic Vivolo: Aye

Paul Steimle: And I am an “aye” as well. Motion carries 7-0

Paul Steimle: Mrs. Murdock, thank you for coming and attending our meeting