

Sherborn Advisory Committee Minutes
February 1, 2016

Attendance

Members present: George Morrill, Mary Wolff, Ben Williams, Jeff Waldron, Jeff Rudin, Barb Kantorski and Russ Pollock.

Call to Order

The meeting was called to order at the Sherborn Town Hall at 7:01 PM by Mr. Morrill. We were joined by members of the Dover Warrant committee.

Discussion of the SAC Trend Budget Guidance Philosophy

Mary Wolff discussed the evolution of the committee's current philosophy of trend budgeting and the previous philosophy of uniform budgeting. Ben Williams then presented how actual trend budgeting would affect Sherborn's share of the regional school district budget.

Regional School Specific Issues

The committees discussed methods of handling the budgeting for the upcoming teacher's contract, potential fluctuation in the regional school's population attributable to each town and how special education is organized throughout the district.

Regional School E&D

Kate Cannie and Brooks Gerner of the Dover Warrant committee provided an overview of the E&D fund, the maximum allowable limits and how it is administered. The committees discussed how much the towns should be taxed in order to stock the E&D fund to acceptable amounts.

Regional School OPEB

Geoff Merrill of the Dover Warrant committee presented a comprehensive overview of what encompasses OPEBs, the ever accruing outstanding obligation of OPEBs and potential ways to stem the increasing cost of OPEBs.

Adjournment

The meeting was adjourned at 9:00 PM. Russell Pollock moved to adjourn. Barbara Kantorski seconded. Motion carried unanimously.

Sherborn Advisory Committee
Russell X. Pollock

Regional Schools Example

	Regional Operating Budget v Actuals FY13 thru FY17						
	FY12	FY13	FY14	FY15	Average	FY16	FY17
Population	1,195	1,172	1,169	1,175		1,186	1,172
Budget Actual	18,721,541	19,186,997	19,808,066	20,566,992		21,651,074	22,874,523
Y-o-Y increase in budget		2.49%	3.24%	3.83%	3.18%	5.27%	5.65%
Difference budget v actual FY13 thru FY15	604,972	496,798	519,799	733,619			
Y-o-Y increase in actuals		3.17%	3.20%	2.83%	3.06%		
E&D %							
Sherborn share		7,626,356	7,842,898	8,276,597		8,452,560	9,526,699
Sherborn guidance FY17							9,034,918
E&D %	4.31	3.56	4.43	5.78			

Sherborn guidance target (\$9,034,918) for FY17 =

\$7,915,284 (FY13 through FY15 average assessment) + \$537,276 (FY16 assessment – average assessment) + \$45,028 (additional growth)

- Note divergence in actuals v. budget in FY15
- Note large increase in budget in FY16. This budget was built on base containing teacher contract money + 9 health plan changes.
- Note continued large % increase of FY17 budget over FY16, compounding increases in FY16. Bloat in E&D and ancillary reserves (RTRF) indicates overtaxing.

FY17 - Continue Guidance %

Budget Guidance Projections, FY17-21

	FY15	FY16	FY17	FY18
<u>Sources of Funds</u>	<i>Actual</i>	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>
	\$	\$	\$	\$
Levy Limit	22,854,346	23,626,891	24,363,355	25,023,296
Revenue and Other Sources	3,044,000	2,647,000	2,519,000	2,527,000
Less Assessments, Offsets, Overlay	-193,000	-185,000	-189,000	-201,000
Available for Town Expenses	25,705,000	26,089,000	26,693,000	27,350,000
<u>Budgeted Expenses</u>	<i>Actual</i>	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>
Fixed Expenses				
Debt Service (Town)	1,419,000	1,675,000	1,740,000	1,704,000
Debt Service (RSD)	719,000	631,000	582,000	563,000
Benefits (Town)	2,056,000	2,447,000	2,722,000	3,076,000
Benefits (RSD)	1,338,000	1,482,000	1,728,000	1,952,000
OPEB (Town)	100,000	100,000	100,000	223,000
OPEB (RSD)	0	0	?	?
Subtotal Fixed Expenses	5,632,000	6,336,000	6,873,000	7,519,000
Reserves / Special / Other Expenses				
Budgeted Reserve Fund	135,000	100,000	100,000	100,000
Expended Capital Items	0	0	0	0
Guidance Reserve	15,000	185,000	0	0
Subtotal Reserves / Special	150,000	285,000	100,000	100,000
Variable Expenses	19,234,000	19,468,000	19,720,000	19,731,000
Total Budgeted Expenses	25,016,000	26,089,000	26,693,000	27,350,000
Surplus/Deficit	+689,000	0	0	0

Guidance Preview

Safe Harbor Increase for

budget makers

+1.40%

+1.22%

+1.29%

+0.05%

Adjustment for SRF Movement

Increase to OPEB funding released to Guidance %

\$100,000 released to Guidance % Revenue for capital released to Guidance %

Guidance reserve released to Guidance %

	FY16	FY17	Difference	
Sherborn Oper Assess	8,669,783	8,962,524	292,741	3.38%
Old method guidance	8,669,783	8,781,623	111,840	1.29%
Deficit			180,901	

- Using same method as previous four years, guidance % would be 1.29%; then in FY18, guidance % would be 0.05%
 - School budgets have continued *compounding effect*. At the Region, ~\$200,000 unused for teacher contract in base of budget as well as *continued budgeting of 9 plan changes on health insurance line*
 - Deficit at the Region for Sherborn would be \$180,901
 - Decrease in Pine Hill OOD budget (-\$122,218), but **expected increases related to significant increase in enrollment brings Pine Hill budget overall in at an increase of 3.05%.**
 - **Deficit at Pine Hill would be \$115,566**
 - **Total schools deficit = -\$303,119**
- No funds available to fund deficit in either school budget
- Requires use of Free Cash to close budget gap
- Loss of \$200,000 in tax relief raises tax rate by ~\$0.18 before any other increases resulting from budget line items are added
- Use of ~\$500,000 in revenues for operating line items rather than for capital expenses increases debt service costs beginning in two years, with resulting effects on allowable "Guidance %," Free Cash, and tax rate in the future.

FY17 - Trend Budgeting

Budget Guidance Projections, FY17-21

	FY15 Actual	FY16 Budget	FY17 Projected	FY18 Projected	FY19 Projected	FY20 Projected	FY21 Projected
Sources of Funds							
Levy Limit	22,854,346	23,626,891	24,163,355	24,823,296	25,168,565	25,775,568	25,995,97
Revenue and Other Sources	3,044,000	2,647,000	2,519,000	2,527,000	2,558,000	2,283,000	2,305,001
Less Assessments, Offsets, Overlay	-193,000	-185,000	-189,000	-201,000	-192,000	-194,000	-206,001
Available for Town Expenses	<u>25,705,000</u>	<u>26,089,000</u>	<u>26,493,000</u>	<u>27,150,000</u>	<u>27,534,000</u>	<u>27,865,000</u>	<u>28,095,001</u>
Budgeted Expenses	Actual	Budget	Projected	Projected	Projected	Projected	Projected
Fixed Expenses							
Debt Service (Town)	1,419,000	1,675,000	1,740,000	1,704,000	1,403,000	997,000	892,001
Debt Service (RSD)	719,000	631,000	582,000	563,000	462,000	440,000	1
Benefits (Town)	2,056,000	2,447,000	2,722,000	3,076,000	3,476,000	3,928,000	4,439,001
Benefits (RSD)	1,338,000	1,482,000	1,728,000	1,952,000	2,206,000	2,493,000	2,817,001
OPEB (Town)	100,000	100,000	223,000	223,000	223,000	210,000	205,001
OPEB (RSD)	0	0	?	?	?	?	?
Subtotal Fixed Expenses	5,632,000	6,336,000	6,996,000	7,519,000	7,770,000	8,069,000	8,353,001
Reserves / Special / Other Expenses							
Budgeted Reserve Fund	135,000	100,000	200,000	200,000	200,000	200,000	200,001
Expended Capital Items	0	0	530,000	543,000	551,000	557,000	562,001
Guidance Reserve	15,000	185,000	129,000	60,000	100,000	60,000	60,001
Subtotal Reserves / Special	150,000	285,000	859,000	803,000	851,000	817,000	822,001
Variable Expenses	<u>19,234,000</u>	<u>19,468,000</u>	<u>18,638,000</u>	<u>18,828,000</u>	<u>18,914,000</u>	<u>18,979,000</u>	<u>18,920,001</u>
Total Budgeted Expenses	<u>25,016,000</u>	<u>26,089,000</u>	<u>26,493,000</u>	<u>27,150,000</u>	<u>27,534,000</u>	<u>27,865,000</u>	<u>28,095,001</u>
Surplus/Deficit	+689,000	0	0	0	0	0	0

Guidance Preview

Safe Harbor makers	+1.40%	+1.22%	-4.26%	+1.02%	+0.46%	+0.35%	-0.31%
Adjustment for SRF Movement			-3.57%				

What does trend budgeting accomplish?

Allows the town to live within its means. Stabilizes the tax rate, may reduce the rate if supplemented by significant new growth, and slows the march to the \$25 Prop 2.5 limit

- \$200,000 in excess capacity removes ~\$0.18 from tax rate for 2017, and continues to stabilize
- ~\$500,000 in capital expenses from revenues decreases debt service beginning two years after each budget appropriation (again, effect on tax rate)
- By paying close attention to actuals, allowed us to remove some "fluff" from budget, the allows town to more quickly decrease its unfunded OPEB liability
- Continues to allow some "Guidance reserve" to accommodate budgets with identified needs unaccounted for by the trend
- Increases Budgeted Reserve by \$100,000 to accommodate unexpected budget deficits – portfolio rather than each department. BOS was able to meet budget. At regular guidance, would have gone up 1% - 2%, which would have been \$40K - \$80K. Instead it went down \$173K, with no decline in service. That's a 4% swing with business as usual. That give us ability to do capital items on operating budget.

Can the Regional School District make Sherborn FY17 discussion? With trend budgeting, yes.

	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	
RSD Op Budget Request	20,566,992	21,651,074	22,874,523	
Budget, grow at 3.18% [1]	20,566,992	21,221,022	21,895,851	-4.28%
Actuals, grow at 3.18%	19,833,373	20,464,074	21,114,832	-7.69%
		<u>Sherborn Assessment</u>		
		<u>Op Budget</u>	<u>+ Debt Svc</u>	<u>Can RSD Budget</u>
request		8,962,524	9,526,700	<u>meet Sherborn Guidance?</u>
based on projected budget		8,579,068	9,143,244	no way
based on projected actual		7,919,098	8,483,274	close
			9,034,918	absolutely
Sherborn Guidance				

Notes:
[1] 3.18% is the average budget increase FY13 to FY15

Projected Regional Operating Assessments based on 10/1/15 enrollments

	Dover		Sherborn	
Operating FY17	635	527		
project Oct 1	54.65%	45.35%		
actual	54.82%	45.18%		
Operating FY18	644	506		
	56.00%	44.00%		
Operating FY19	651	497		
	56.71%	43.29%		
Operating FY20	645	486		
	57.03%	42.97%		
Operating FY21	631	483		
	56.64%	43.36%		

E&D
 Certified as % of budget
 FY06 - 4.19%
 FY07 - 4.38%
 FY08 - 4.76%
 FY09 - 4.89%
 FY10 - 3.25%
 FY11 - 3.55%
 FY12 - 4.31%
 FY13 - 3.56%
 FY14 - 4.43%
 FY15* - 5.78

OPEB Trust Presentation

February 1, 2016

Abbreviation review

O - Other

P - Post

E - Employment

B - Benefits

OPEB Service Requirements

An employee shall become eligible to retire under this plan upon meeting attainment of age 55 as an active member and upon completion of 10 years of service.

This benefit has been in existence since 1978.

OPEB Available Benefits

Page 1 of 3

Retired Medical Insurance programs

Plan Type: Various coverages
from Blue Cross of MA, Tufts,
Fallon and Harvard Pilgrim

Cost Sharing: 50% of premiums of
PPO plans or 30% or premiums
for other plans.

OPEB Available Benefits

Page 2 of 3

- Dental Insurance program
- Plan Type: Comprehensive Dental Insurance
- Cost Sharing: 100% of premiums.

OPEB Available Benefits

Page 3 of 3

Retiree Life insurance program

Cost Sharing: 50% of premiums.

RSC OPEB Financial History

<u>Fiscal</u>	<u>Annual</u>	<u>Net OPEB</u>
<u>Year-end</u>	<u>OPEB Cost</u>	<u>Obligation</u>
2009	\$1,665,759	\$1,102,025
2010	\$1,713,863	\$2,219,037
2011	\$1,411,901	\$3,008,883
2012	\$1,435,063	\$3,888,866
2013	\$1,611,896	\$4,872,754
2014	\$1,697,778	\$5,919,669
2015	\$1,783,659	\$7,023,850

% contributed

33.80%

34.82%

44.06%

38.68%

38.96%

38.10%

38.10%

Annual Change of OPEB Obligation

	Net OPEB			
	<u>Year-end</u>	<u>OPEB Cost</u>	<u>% contributed</u>	<u>Obligation</u>
2009	\$1,665,759	33.80%	\$1,102,025	
2010	\$1,713,863	34.82%	\$2,219,037	
2011	\$1,411,901	44.06%	\$3,008,883	
2012	\$1,435,063	38.68%	\$3,888,866	
2013	\$1,611,896	38.96%	\$4,872,754	
2014	\$1,697,778	38.10%	\$5,919,669	
2015	\$1,783,659	38.10%	\$7,023,850	

Net Yearly change to OPEB Obligation

	Obligation at	Obligation at	Net
<u>Year</u>	<u>Beginning of year</u>	<u>End of year</u>	<u>Change</u>
• 2009	N/A	\$1,102,025	
• 2010	\$1,102,025	\$2,219,037	\$1,117,012
• 2011	\$2,219,037	\$3,008,883	\$ 789,846
• 2012	\$3,008,883	\$3,888,866	\$ 879,983
• 2013	\$3,888,866	\$4,872,754	\$ 983,888
• 2014	\$4,872,754	\$5,919,669	\$1,046,915
• 2015	\$5,919,669	\$7,023,850	\$1,104,181

OPEB participation

- Number of Eligible Participants

	<u>Year</u>	<u>Active</u>	<u>Retirees/Disabled</u>	<u>Total</u>
•	2012	199	147	346
•	Accumulated			
•	Obligation	\$36,792	\$61,235	
•	2014	203	157	360
•	Accumulated			
•	Obligation	\$42,778	\$58,623	

Options to Reduce Growth of OPEB Obligations

Increase service requirements to retire at

least 60 years old and 15 years service

Increase co-pay requirements above existing

level

Establish an OPEB Trust and periodically fund

the Trust

OPEB – Existing Situations

The latest actuarial analysis, dated June 13, 2015, states that” over 95% of municipal entities across America are not dedicated to funding an OPEB Trust.

At the present time, both the Towns of Dover and Sherborn have established OPEB Trusts. As of the latest accounting (6/14), Dover’s OPEB Trusts contains assets sufficient enough to cover 54% of its future obligations.

OPEB Trusts – Final Thoughts

Based upon recent debt experience, the RSC decided to take advantage of lower rates to re-finance existing balances to reduce annual debt interest costs.

The RSC could use the current debt window to fund a portion of their future OPEB obligations at a point when there appears to be few major capital projects on the horizon for the school buildings.

OP&B Trust – Documentary Hurdle

- At a recent reading of the regional agreement, there appears to be no provision to issue long-term debt, other than in connection with capital assets, buildings, etc.
- An amendment to the document could be achieved by both towns to accommodate this funding option.

Special Education Administrator

COO/Coordinator
Adey/McKen
10 FTE

H/STeam Chair
Mindy Roberts/Issacs
.8 FTE

M/STeam Chair
Jill Arkin
.8 FTE

Chickering
Interim Team Chair
Chris Conlin-Tood
.9 FTE

Fine Hill
Team Chair
Amy Curry
.8 FTE

Admin. Assistant
Mary Ann Bercari
1.0 FTE

Admin. Assistant
Karen Hurley
.6 FTE

Admin. Assistant
Dorina Fiori
1.0 FTE

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Special Education Teachers

Kaene Oriolekda
Eliem Hyman
Lisa Brodsky
Linda Cento
Debbie Cohen – LED
Specialist
Kerry Laurence – School
Psychologist

Special Education Teachers

Anita Sebastian
Andrea Moran
Meghan Collins
Dorina Bedigan
Maura Cavanaugh
Kim Gordon
Debbie Cohen – LED
Joan Padiglouca - TM
Specialist
Kerry Laurence – School
Psychologist

Special Education Teachers

Andrea Welch
Laurie Whitten
Laura Driscoll
Kathy Gillis
Gail Lethoroff
Kerry Call – Pre-K
Specialist
Cheryl Barresi- School
Psychologist

Special Education Teachers

Chris Pando
Michelle Legana
Anna Martignette
Robin Mansfield
Maria Miller – Pre-K
Shauna Jean – Pre-K
Specialist
Lisa Blair- School Psychologist

Related Service Providers

Judy Goosen- OT
Janice Savery- SLP
Lisa Doherty- PT

Related Service Providers

Judy Goosen- OT
Natalia Shea – OT .4
Nancy Siska – SLP
Lisa Doherty- PT

Related Service Providers

Nisha Hoodman – OT
Natalia Shea – OT .4
Terri Newbert – PT
Omnie Dawson – SLP
Blissa Yanko – SLP .5

Related Service Providers

Cathy Scollins- SLP
Susan Williams – SLP .5
Melissa Feldman – OT
Natalia Shea – OT .2
Lisa Doherty- PT

Educational Assistants

John McCoy 1:1
Margaret Cowart
Laura Dalton
Ann Marie McCarve
Val Cook
Le Ille O'Garro 1:1
Jennifer Moran
Kelley Loneragan 1:1

Educational Assistants

Matt Michel
Jennie Morgan
Richard Murphy
Lauree Rodardelli 1:1
Lucy Gardner
Chris Allen
Glennora Chaves
Marilyn Mahoney
Arrenda Rodgers
Katie Gaudette 1:1

Educational Assistants

Ashley McCornagle – Pre-K 1:1
Vacant Position – Pre-K
Meredith Dart- Pre-K 1:1
Katherine Juhl- Pre-K
Melissa Ouzgill
Keri Maharama
Suzanne Odebergell
Jonathan Shenker 1:1
Leslie Hughes
Alison Parker 1:1
Dorina Barchiccoli
Tyler Strull 1:1
Michelle Ortiss
Katie Strensen
Vacant Position

Educational Assistants

Lee Jeffries – Pre-K
Christina Falley – Pre-K
Judy Pritchard – Pre-K 1:1
Linda Awadekan
Merriweher Burrass
Kim Palumbo 1:1
Terry Malvesti 1:1
Kevin Barry
Helen Croe
Nancy Nesviet

85

93

81

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