



## Meeting Minutes: December 14, 2017

### ***In attendance:***

#### ***LABBB Board of Directors:***

Mr. John Phelan, Belmont Public Schools  
Dr. Kathy Bodie, Arlington Public Schools  
Mr. Jonathan Sills, Bedford Public Schools  
Dr. Mary Czajkowski, Lexington Public Schools

#### ***LABBB Central Office:***

Patric Barbieri, Executive Director  
Gerry Mazor, Director of Special Projects  
Maria Walsh, Administrative Assistant  
Matt Cameron, Financial Administrator

Dr. Kathleen Bodie called the Board Meeting to order at 9:15AM.

### **No public participation**

### **Action Items:**

1. Approval of 11.09.17 Meeting Minutes
  - a. Motion made by Mr. Jonathan Sills
  - b. Seconded by Mr. John Phelan
  - c. All accepted (3-0-0)
2. Approval of FY17 Independent Audit
  - a. Motion made by Mr. Jonathan Sills
  - b. Seconded by Mr. John Phelan
  - c. All accepted 3-0-0
3. Approval of FY17 Accumulated Surplus
  - a. Motion made Mr. John Phelan
  - b. Seconded by Mr. Jonathan Sills
  - c. All accepted 3-0-0
4. Approval of FY17 Annual Report
  - a. Motion made by Mr. Jonathan Sills
  - b. Seconded by Mr. John Phelan
  - c. All accepted 3-0-0

### **Discussion Items:**

1. **Presentation of FY17 Independent Audit: Fritz & DeGuglielmo**
  - a. Employee contract missing, follow-up visit following the Board meeting (no anticipated finding or change to the audit statements; Patric highlights the reason for a follow-up is due to a lack of timely response by EDCO.
  - b. Kathy asks a follow-up question to use the proper wording in the motion to adopt the audit assuming no changes from Mr. Schaffner follow-up testing on 12/12/17.
  - c. Mr. Schaffner proposed factoring in a facility expense in the operating budget as a means to address the annual surplus figures.

- i. Dr. Mary Czajkowski, asked for clarification on whether we can do this method and/or continue the practice of returning funds to districts based on a percentage of enrollment.
- ii. Patric outlines that we'll prepare some scenarios that can be available showing the total cost and their impact
- iii. Starting in FY18, the postemployment benefits must be reflected as the full allocation amount, no longer a portion of the obligation (possibly doubled compared to FY17).
- iv. Cumulative Surplus or "Fund Balance" reflects the \$13,686,681
- v. Rockland Trust & MMDT are only covering our balances up to \$250K (DIF & SIF cover all funds)
  1. Dr. Mary Czajkowski, asked what the recommendation would be: either find a bank that offers DIF/SIF or establish multiple accounts at or below \$250K
  2. LABBB to move forward to locating a bank that fully insures the funds even if at a lower interest rate.
- vi. \$2M Capital Reserve Fund can only be established after 4 of 5 School Committees approve (3 districts have approved for to date), the funds would then be moved into a separate account for tracking purposes and used for capital projects over the next 5+ years.
  1. \$2M becomes "restricted funds" once you transfer the funds and it can only be used to fund capital expenses, can't be used to offset any annual deficits.
- vii. Dr. Mary Czajkowski, asked if modular classrooms could qualify as a capital expenditure which Mr. Schaffner says is possible.
- viii. Motion to acknowledge \$13,686,681 as the total General Fund cumulative surplus as of June 30, 2017
  1. Motion made by Mr. Jonathan Sills
  2. Seconded by Mr. John Phelan
  3. All accepted – 3-0-0
- ix. Motion to acknowledge \$7,493,286 as the total General Fund cumulative surplus in excess of 25% which must be utilized to fund an OPEB Trust, Capital Reserve Fund, and returned to member districts following approval from DESE.
  1. Motion made by Mr. Jonathan Sills
  2. Seconded by Mr. John Phelan
  3. All accepted – 3-0-0
- x. Motion to approve the FY17 Independent Audit subject to no further findings.
  1. Motion made by Mr. John Phelan
  2. Seconded by Jonathan Sills
  3. All accepted – 3-0-0

## 2. Warrant Signatures

- a. Moving forward LABBB will have Dr. Eric Conti, LABBB Board Chair, as the signer per the state's regulation that either the Board Chair or 2/3 of the Board must sign each warrant.

## 3. Draft FY17 Annual Report

- a. Motion – John
- b. Seconded – Jon
- c. All accepted – 3-0-0

## 4. Surplus Plan/Credit Distribution

- a. Member credit scenarios FY18 & FY19
  - i. Jon discussed with Jay Sullivan about the utilization of member credits.

1. FY16 member credit balances must be spent by 6/30/18.
    2. Remaining member credits must be spent by 6/30/19
  - ii. Mr. John Phelan asked if this means we'll need to spend all our credits moving forward because the current system in Belmont is to strategically spend over a three-year period.
    1. Work in progress to determine the exact method so we can make sure member districts are able to spend the funds as needed, ideally including being able to prepay future tuitions.
  - iii. Mr. John Phelan discussed the benefit of using facility expense as a means to decrease the cumulative surplus and allow for more predictable usage on the district level.
  - iv. Districts, such as Belmont, will be looking for a policy outlining the issuance of member credits, how credits are calculated, the usage policy, and steps that districts must follow when they want to utilize their credits.
  - v. Question: If we start charging facility expense to LABBB, do we need to still return previous member credits if the cumulative surplus is below 25%.
  - vi. Use LABBB credits to offset FY18 expenses and move the savings into a Reserve Fund.
5. OPEB Update
- a. All forms have been submitted and we'll be funding the account after the 90 days waiting period.
6. LABBB Renovation & Upgrade Policy Agreement
- a. Bedford & Belmont to present the Capital Reserve to their School Committees for LABBB to establish a Capital Reserve Fund up to \$2M
7. LABBB Update:
- a. Patric notified Colleen & Tom of LABBB's intent to terminate the agreement with EDCO at the end of the fiscal year.
8. Motion to Adjourn **(10:55am)**
- a. Motion made by Mr. Jonathan Sills
  - b. Seconded by Mr. John Phelan
  - c. All accepted – 3-0-0

