

*Moultonborough*  
*2021-2022 School Budget*  
*Recommendations and Comments*



Advisory Budget Committee

*January 26, 2021*

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To the Members of the School Board, Superintendent  
Moultonborough School District  
Moultonborough, New Hampshire 03254

Moultonborough's Advisory Budget Committee (ABC), established in July 2008, is an appointed volunteer body whose mission is to provide the community and governing bodies with independent review and objective analysis of the annual budget. The Committee completed its comprehensive review of the 2021-2022 Budget. The views in this report are not always unanimous to the committee members.

### **Budget Summary:**

The proposed School Operating Budget for 2021-2022 represents \$14,998,057 compared to \$14,444,091 for the prior budget year 2020-2021. On a comparable basis the year over year increase in operating expense represents \$553,966 or an increase of 3.83%.

Major drivers of the 3.83% increase include an increased required employer contributions to the NH Retirement System (\$280,000), health insurance (\$170,000), Year 3 of the Collective Bargaining Agreement (\$120,000), stipends for nine retirees (\$71,800) and Special Education professional services (\$121,887). These increases are partially offset by newly hired staff coming in at pay rates less than that of retiring staff as well as a reduction of one-half of a teaching position.

### **Observations & Comments:**

- Public employees continue to enjoy generous healthcare plans with low employee contributions. With negotiations coming around once again, we would strongly encourage consideration of increased employee contributions. An alternative option could be grandfathering current employees, and requiring increased employee contributions of new hires. There could possibly be some benefit to exploring the possibility of combining with town group, assuming the town moves to a fiscal year.
- The experience of retirees choosing to remain on the school's health insurance is factored into the group's overall experience, which is reflected in continuing premium increases. Although retirees may feel more comfortable remaining on the school's plans, they may actually be paying more than they would elsewhere. An education session for retirees using an independent third party to explain options was suggested last year. Planning for such a session had begun, but was postponed because of COVID concerns. Hopefully an education session can be scheduled once things return to 'normal'.
- Declining enrollment must lead to an effort to track certifications and explore options to more fully utilize teacher talent. Continue looking at opportunities to retain valued staff by sharing specialized teachers with other districts, establish remote learning classes (that could also be opened to other districts) and possibly offering adult education classes.

- Take advantage of the past year's hybrid and remote learning experiences and consider keeping and expanding this option as part of regular curriculum offerings going forward. Opening these classes up to neighboring districts, especially for higher level and specialty courses, could offer opportunities currently unavailable to area students.
- Explore remote learning for adults in the community in collaboration with the recreation department and library.
- The ABC supports the District's plan to establish and fund a new expendable trust fund for IT purposes.
- Consider sharing specialized staff members like electricians, HVAC, plumbers, with neighboring schools or towns.
- Continue moving forward with planning for a boiler replacement and investigating alternative energy options.
- We strongly recommend the replacement Gator machine be purchased from unreserved fund balance at fiscal year end and removing it from the proposed FY22 budget. Given the vacant positions in the current year budget, we would expect adequate funds to be available at June 30. (This has been done in Version 4 of the proposed budget).
- Given the large increases in special education contracted services, consideration should be given to the possibility of forming a cooperative bidding group with neighboring districts for physical therapy, occupational therapy, and other related services.
- The potential return to donor town status will have a very real and unsettling impact on the school budget. The District needs to have plans ready to address all stakeholder needs in the event this becomes a reality.
- In an effort to provide for future opportunities in technology and professional trades, the ABC continues to recommend STEM and Tech-Ed programming be emphasized.

#### **Reserves:**

- The District maintains an Expendable Trust Fund for buildings and grounds projects. A significant portion of this fund is planned to be expended this year for re-coating the roof at the Academy. The ABC recognizes the importance of these reserves for managing significant repairs necessary to maintain the school infrastructure. The Balance in this reserve at December 31, 2020 was \$565,796.
- The District maintains a Health Self Insurance Fund. The balance in this fund as audited at June 30, 2020 was \$566,969. Consistent with its purpose, this fund has helped cushion health insurance increases over the past few years, which is reflected in its significantly reduced balance. Currently, none of these funds are expected to be used to offset the 2021-2022 healthcare costs. We recommend continuing the practice of utilizing this fund to offset healthcare costs in a prudent manner with an eye to retaining a healthy balance.
- The District maintains a reserve for unanticipated special education costs. As the School District is on June 30 fiscal year end, the budgets are prepared 18 months in advance of current spending. At December 31, 2020, as audited, the balance in this reserve was

\$368,874. The cost of out-of-district student placement can be very costly; the needs of even a single student can use this entire fund.

- In addition to the above, the District maintains a contingency reserve of \$200,000.

**Conclusion:**

The trajectory of budget increases and declining enrollments will continue to impact future tax rates. We need to continue to work together to balance community resources with the needs for a vibrant, rigorous school system.

Respectfully submitted,

Cody Gray, Chair – ABC

Moultonborough Advisory Budget committee

Members:

Cody Gray	(Member at Large)
Kay Peranelli	(Member at Large)
Linda Murray	(Alternate at Large)
Jean Beadle	(Select Board Representative)
Kathy Garry	(School Board Representative)