



EDCO COLLABORATIVE
 BOARD OF DIRECTORS MEETING MINUTES
 Thursday, November 14, 2019 9:30 – 11:30 a.m.
 36 Middlesex Turnpike, Bedford, MA 01730

Present BOARD MEMBERS

	Peter Light	Superintendent	Acton-Boxborough Reg. School District
X	Kathleen Bodie	Superintendent	Arlington Public Schools
X	Jon Sills	Superintendent	Bedford Public Schools
X	Amy Checkoway	School Committee	Belmont Public Schools
	Helen Charlupski	School Committee	Brookline Public Schools
X	James O'Shea	Superintendent	Carlisle Public Schools
X	Laurie Hunter	Superintendent	Concord Public Schools, CC Regional
	Julie Hackett	Superintendent	Lexington Public Schools
X	Rebecca McFall	Superintendent	Lincoln Public Schools
X	Bella Wong	Superintendent	Lincoln-Sudbury Reg. School District
X	Diana Fisher-Gomberg	School Committee	Newton Public Schools
	Brad Crozier	Superintendent	Sudbury Public Schools
	George Frost	Superintendent	Waltham Public Schools
X	Deanne Galdston	Superintendent	Watertown Public Schools
X	Marguerite Connelly	Superintendent	Weston Public Schools

Present ADVISORY MEMBERS

	Tessa McKinley	School Committee	Acton-Boxborough Reg. School District
X	Kathleen Bodie	Superintendent	Arlington Public Schools
	Jill Marquis	School Committee	Bedford Public Schools
	John Phelan	Superintendent	Belmont Public Schools
	Ben Lummis	Superintendent	Brookline Public Schools
X	James O'Shea	Superintendent	Carlisle Public Schools
	Heather Bout	School Committee	Concord Public Schools, CC Regional
	Kathleen Lenihan	School Committee	Lexington Public Schools
	Trintje Gnazzo	School Committee	Lincoln Public Schools
X	Ellen Joachim	School Committee	Lincoln-Sudbury Reg. School District
	David Fleishman	Superintendent	Newton Public Schools
	Lisa Kouchakdjian	School Committee	Sudbury Public Schools
X	Margaret Donnelly	School Committee	Waltham Public Schools
	John Portz	School Committee	Watertown Public Schools
	Dr. J. Kimo Carter	Assistant Superintendent	Weston Public Schools

Present EDCO MEMBERS

X	Nadine Ekstrom	Executive Director
X	Thomas Markham	Business Manager
X	Ann Knapp	Special Education Administrator
X	Andrew Kelly	Director of Professional Learning
X	David King	Treasurer
	James Sullivan	IT Director

1.0 CALL TO ORDER 9:38 a.m.

1.1 Public Participation – None

2.0 CONSENT AGENDA ITEMS

2.1 Approve BOD meeting minutes of [October 28, 2019](#)

2.2 Accept EFC minutes of [September 29, 2019](#)

A **motion** was made by Jon Sills to approve and accept Consent Agenda Items, and was seconded by Amy Checkoway. The **motion** passed unanimously.

3.0 OLD BUSINESS

4.0 NEW BUSINESS

4.1 FY19 Audit Presentation, Dan Schaffner, CPA from the audit firm Fritz DeGuglielmo, LLC

The deadline for filing a UFR is November 15, 2019 but the auditors are unable to file a complete report and will request an extension. The audit went smoothly in terms of reviewing documentation, however, it found a significant FY19 deficit of \$938,000. This number did not seem to be in line with numbers presented to the BOD and EFC throughout the year. The auditors are still evaluating if the deficit is a compliance issue and will be required to evaluate whether the collaborative is viable going forward. The deadline to file with the state is December 31st and therefore another BOD meeting will be necessary to vote on the final audit.

Mr. Schaffner outlined a report comparing the last two years which showed revenue decreasing by approximately 2.2 million mainly due to the loss of Title I and Boston revenue. Administrative costs also increased by ~\$400,000 over the past year. Administrative costs overall were approximately \$1.6 million with an overall deficit of \$938,000. There was a 68 – 77% increase in personnel costs between the two years. Although the revenue was lower, the administrative costs did not decrease. The original budget forecasted a surplus of \$22,000. Revenue exceeded the original budget (\$357,000 higher than expected) however, expenses exceeded 1.1 million resulting in a deficit of \$938,000. Audit adjustments were \$14,000 from start to finish.

Kathleen Bodie acknowledged that there is an obvious issue to be addressed but suggested that the board use this time to ask clarifying questions and then adjourn to reconvene the EFC meeting to develop a budget plan.

Rebecca McFall requested an explanation for the discrepancy in numbers between the business office and the auditors. Tom Markham explained that there was a difference in perspective citing that the business office does not think of the word “deficit” as a loss but as an ability to pay bills. In addition, the

\$400,000 attributed to the line of credit (LOC) was not considered a loss for FY19 as LOC is generally fluid and it is to be paid over time. Using a line of credit is part of cash management as collaboratives don’t get an infusion of money at the start of the fiscal year in the way that a school district does. The start of the fiscal year is always lean as there is not much revenue coming in but the expenses are consistent.

Jon Sills questioned how we went from a \$22,000 surplus to a \$938,000 deficit. Tom Markham replied that we did not get the enrollment that we needed and we did not cut the budget early enough. Mr. Sills also questioned the LOC for this year and how it is has been accounted for in the past. Mr. Markham acknowledged that it has not come up in the past because it was always paid in full by June 30th.

Jim O’Shea agreed that a drop in student enrollment is understandable but he questioned why the educational/instructional line was overspent and the salary expenses put forth in the amended January budget increased. Mr. Markham responded that EDCO was staffing qualified educators that were needed as students enrolled to meet their needs. He acknowledged that it is a balancing act between hiring staff and enrolling students and agreed that there is a need to look at this more strategically and come up with a plan.

Jon Sills asked when EDCO knew about this deficit and Nadine Ekstrom replied that the auditors came to her on September 24th but in conversations with Tom Markham he was anticipating a number closer to \$300,000 so that was what was presented to the board in October.

Laurie Hunter expressed that she was a bit taken aback as she has only missed one meeting in two years and wondered what the process is for check ins. Dr. Ekstrom responded that they will begin doing monthly reporting to the board with projections as well as actual, year-to-date numbers.

Rebecca McFall expressed concern that not paying the LOC off by June 30th is part of what contributed to this situation and that we will continue to grow debt that we are unable to pay off. And beyond the \$400,000, what about the loss of ~\$278,000 mostly attributed to personnel?

The auditor addressed this question responding that the overall general surplus coming into FY19 was approximately \$1,700,000 but it is now down to about \$800,000. He cautioned that if we were to take on more debt in FY20, it will probably run into the negative. The general funds came from AR after year end, the Seefurth fund and investments. If the collaborative were to close its doors on June 30th, there would be approximately \$750,000 to distribute to districts. The Seefurth restricted fund of approximately \$600,000 is not included in this number as DESE would need to sign off on using the funds for anything else beyond PD.

Marguerite Connolly asked for a plan for moving forward. Nadine Ekstrom indicated that they will be looking closely at FY20 and making staff cuts. The NCA teachers have already been informed that reductions are coming. Dr. Ekstrom is also looking at restructuring central office but she will need to know precisely where EDCO stands before making any recommendations.

Bella Wong suggested hiring a 3rd party to come in to look at accounts.

Diana Fisher-Gomberg mentioned that the EFC meeting is public and therefore anyone is welcome to attend. Kathleen Bodie reminded the board that we will need to schedule another December meeting for a vote. The annual reports will also require a vote. Nadine Ekstrom will be sending out a Doodle poll with some possibilities.

Bella Wong agreed that further clarity and resolution should be on the agenda for the December meeting but she also requested more information about what it means for districts should the collaborative dissolve. The auditor indicated that there was enough money as of June 30th to cover liabilities but that Tom Markham would need to give an actual to date. If the general fund were to go negative, there is a potential for liability to the districts although he has not yet seen that happen.

Kathleen Bodie agreed to come up with a general statement for board members to use at upcoming School Committee meetings until more information is available.

A **motion** was made by Jon Sills to adjourn the meeting and was seconded by Diana Fisher-Gomberg. The **motion** passed unanimously and the meeting adjourned at 10:45 a.m.

Respectfully submitted,

Dana Mullaley
EDCO Collaborative