Introduction
The RISD Board created the Rivendell Review Committee (RRC) by vote on March 7, 2017.
The RRC was given the following charge:
(a) to examine the current practices of the school district regarding the apportionment of expenses and the allocation of state aid in order to determine the district’s compliance with the Articles of Agreement; and
(b) to report to the School Board with findings and recommendations.

Part (a) will include the examination of topics including the calculation of ADM, preschool enrollment counts, the allocation of special education expenses, and the role of the auditors.

The RRC now consists of
Dr. Elaine Arbour (Superintendent),
David Gagner (School Board Member - VT),
Mark Blanchard (Appointed NH School Board Representative)
Mark Burger (Orford Representative),
Doug Tifft (Fairlee Representative),
Erin Mansur (West Fairlee Representative), and
David Hooke (Vershire Representative)
Marc Debois (RISD chair) serves ex-officio.
Stacie Marshall was hired to be recording secretary.

The committee identified a number of issues/ problems arising from how the Articles of Agreement were being interpreted. Dr. Arbour engaged Cappy Nunlist of Gardner, Fulton and Waugh to aid in our work. Based on a written Opinion dated 12/6/17, and our earlier findings, we made an initial round of recommendations to the Board, which were approved on February 2, 2018. The Board appointed the RRC for another year to complete its work.

We continued to process the remaining issues with aid of a second Opinion from Atty. Nunlist. A key part of her Opinion dated 4/19/18 was that that the Articles lacked a Statement of Principles that would state the intention of the Articles.

Meanwhile, members of our group met with the Business Office staff to document current procedures used for determining enrollment, and allocating income and expense. We participated in a meeting with Administration, Locally Elected Auditors and external auditors Plodzik & Sanderson; this review determined that the federal grants (IDEA, Titles, REAP) accrue to RISD district-wide and NOT be treated in the same manner as State aid under Article I.

We have not yet completed our work, but in hopes that these will prove useful in writing the 2018 Annual Report and preparing for the FY 20 Budget and the 2019 Annual Meeting, we are offering the following set of Interim Recommendations.

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1. **Adopt a Statement of Principles with policy footnotes, and Definitions of key terms.**

   **Issue/Discussion:** The Articles of Agreement as adopted 20 years ago need interpretation in the same way that case law has made our nation’s Constitution a living document. The original Interstate District Planning Committee created a document that would pass muster with four towns and two state Boards of Education in order to establish Rivendell. It was necessarily bare bones, static, and difficult for subsequent boards and district officials to use as a guidepost. We feel that reading this document now with the lived experience of two decades can reanimate the impulse behind Rivendell while still honoring both the legal and educational obligations inherent in its words.

   **Recommendation:** The Articles of Agreement as approved do not need to be changed but rather interpreted by a Statement Of Principles, accompanied by a variety of helpful tools and illustrative footnotes that instruct by example. As policies, administrative agreements, and interpretive examples are added through the years, this combined *Guide to the Rivendell Articles of Agreement* will become a living document telling our story. The Articles are the heartwood; this Guide will be the growth rings over the years. (Implementation, FY 2019.)

   The Statement of Principles, which we recommend the Board adopt, is in Attachment 1. Sample footnotes are included. Certain definitions are in attachment 2. Further footnotes and definitions will be added in our final report.

2. **Write a Procedures guide, to implement the policies outlined in the Footnotes to the Principles.**

   **Issue/Discussion:** Our committee discovered that well-meaning boards and district office personnel over the years deviated on occasion from the underlying intent of the Articles of Agreement with regard to allocations and in budget presentations. This may have been simply from the necessity of running a complex interstate district or due to pressures from one state or another.

   **Recommendation:** The Board has already approved a reinvigorated role for the Local Elected Auditors. We recommend this group work directly with the District business office to develop a Procedures Guide so that the understood intent of the Articles of Agreement leads to proper implementation in allocations and budget presentations. We anticipate this being completed by the end of FY 2020, for implementation in FY 2021.

3. **Ensure Articles of Agreement are correctly stated, without typos, in the website, and that other erroneous language (e.g. “Rivendell is a Vermont District”) is eliminated.** [The Administration has already completed this step to the extent presently known.]

4. **Improve Calculation of Average Daily Membership (ADM) as the (ongoing) basis for apportionment of costs between towns.**
A. Specify RISD’s ADM as its own metric, not subject to various changing state “ADMs”, for determining Apportionment and local per student costs in reporting to taxpayers, and define the ADM census period and other key terms consistently.

**Issue/Discussion:** The Articles require the count to be for the first 40 days. In recent years RISD has used days 11-30, which follows Vermont rules. At the same time, certain key terms such as “attendance,” enrollment” and others are not defined in the Articles. RISD should follow the intent of the Articles to the fullest extent possible and avoid changes without adequate deliberation by the RISD School Board.

**Recommendation:** To avoid the need to amend the Articles of Agreement, RISD should use the 40-day census period, and should define that period, and all necessary terminology, in accordance with the Definitions in Attachment 2 of this report.

B. Clarify which students should be included in the count:

**Issue/Discussion:** The list of students to be included in ADM is spelled out in Article F, but the language is somewhat imprecise.

**Recommendation:** The list of students to include in ADM should follow the Definitions in Attachment 2 of this report.

C. Establish fair rules for counting Pre-K students

**Issue/Discussion:** Pre-K students are not specifically discussed in the Articles. Since 2016 RISD has counted Pre-K students with a count of 1 in the ADM formula, but this seems inaccurate since Pre-K students are often enrolled only part-time. We endorse that these pre-K students are now counted as part of the ADM calculation, because they meet the requirements of the Articles. However, we agree that further study is needed to determine proper counting methodology for these students.

**Recommendation:** We recommend further study within FY 2020 to determine an appropriate formula for counting these students, for implementation in FY 2021.

5. Continue to treat VT towns as unified district, consistent with Vt. Dept of Ed determination.

**Issue/Discussion:** Although the Articles state that net operating expense should be allocated between the three Vermont towns based on ADM, subsequent changes in Vermont law have meant that the Vermont Department of Education currently treats Vershire, West Fairlee, and Fairlee as a unified school district with regards to crediting reimbursements to these towns from the state.

**Recommendation:** The three Vermont towns should continue to be treated as a Unified District by the Rivendell Interstate School District. We do not recommend modifying the Articles of Agreement.

6. Discussion and Recommendations regarding Annual Report Financial Disclosures:

**Issue:** Do the Financial Disclosures in the Annual Report issued by RISD reflect the allocation outlined in the Articles of Agreement and reflect the actual operations and financial structure of RISD?
Discussion: RRC spent several meetings discussing the financial disclosures outlined in the RISD annual report and how they align with the Articles of Agreement. The RRC discussion led to an understanding that the state of Vermont identifies the three VT member districts as a Unified School District. RRC also concluded that the financial disclosures in the Annual Report should reflect the Unification of the three VT member districts and reflect the cost allocation outlined in the Articles of Agreement.

Recommendations

a) The Annual Report Financial Disclosures shall no longer show division of income/expense among the four member districts, but instead shall show division between two state districts: New Hampshire (Orford) and the Vermont Unified District (Fairlee, West Fairlee, and Vershire). The exception will be where RISD estimates tax rates for each of the four member districts, for implementation in FY 2020.

b) The Financial Disclosures used in the Annual Report shall reference Articles of Agreement Sections, coupled with appropriate citations from Vermont and New Hampshire state law and the Interstate Compact Law, that support the approach to allocate costs between the New Hampshire and Vermont Unified District. Formats for Budget Year Appropriation and prior year results should be similar and both follow a template to be developed, by the end of FY 2020, for implementation in FY 2021.

c) RISD publish to stakeholders, including State Departments of Education, annual $ Cost/Student figures based on RISD ADM and clarify differences versus state-published metrics.

7. StateChoice Programs: Clarify Rivendell’s participation in the Vermont Choice program

Issue/Discussion: In order to be consistent with Principles 2 and 4, Recommend either Orford students must be eligible, or Rivendell should not participate at all. Policy chosen should consider possibility of New Hampshire adopting its own version of Choice or Vouchers and maintaining Interstate District prerogatives.

8. Role of Elected Auditors

Issue: Does RISD Board have the authority to define the work of the Locally Elected Auditors?

Discussion: One of the charges given to the RRC was to address the Locally Elected Auditors and their role within RISD. The Locally Elected Auditors are part of the RISD structure, but RISD has never had Locally Elected Auditors requesting access to documents and procedures. Per Counsel: “The Interstate Compact requires that 3 auditors be elected for staggered three-year terms and that at least one auditor be elected from each state. Auditors are required to examine the accounts of the treasurer and the board at the close of each fiscal year and at other times as they deem necessary and to report to the district whether these are ‘correctly cast and properly vouched.’” Compact, Article V, I. The Board cannot define the authority granted by the Compact.
nor dictate how the auditors go about performing their duties. However, the Board can also hire outside auditors for any purpose that does not infringe on the ultimate authority of the elected auditors. To the extent that the elected auditors agree to collaborate with the hired auditors, the tasks used to perform their duties can be shared.”

Recommendations
a) We encourage the RISD Board to work with Locally Elected Auditors in fulfilling their responsibilities.
b) An annual work plan involving the Locally Elected Auditors and hired Auditors should be developed with the input of Administration and Board, based on the capacities each set of Auditors. We encourage the RISD Board and Locally Elected Auditors to work together to enhance the financial standing and community understanding of the financial affairs of RISD, in support of Principles 1 and 4.
c) Encourage the RISD Board to fully implement the procedures and recommendations adopted on February 2, 2018.
Attachment 1: *Overarching Principles Embodied in the RISD Articles of Agreement*

The intent of the Rivendell Interstate School District as originally approved and as understood two decades after its founding may be summarized in the following guiding principles.

1. **Enabling Local Self-Governance**

   Manifest in the coming together of four small towns across state lines is the belief that local self-governance in the education of our children requires broad community support, participation, understanding, and accountability. As such, RISD and its elected members should strive for clarity and directness in all its presentations to voters to ensure the best possible comprehension for informed decision-making by the electorate. Fairness and transparency should be present in all the dealings that the district has with its students in education matters and with taxpayers in financial matters.

   Footnotes to Principle 1
   1.) Information in the Annual Report will be presented in a manner that makes reference to relevant sections of the Articles of Agreement. Allocation calculations in particular should follow formulas in the Articles. Interactive computerized calculation tools will be made available to the public that make clear how figures are arrived at in key financial tables (e.g. revenue and expenditure summaries, statistics and tax rate estimates).
   2.) The elected auditors will be direct participants in selection of the outside auditor, who will be charged with making sure that all allocations comply with the Articles and the Interstate Compact. The duties of the elected auditors will include reconciling expenditures and allocations at the end of each fiscal year and validating apportionment of expenses among member towns. As such, they will actively represent the public’s interest by ascertaining that the Articles have been correctly applied by the Board and Administration throughout the year.
   3.) The potentially confusing financial formulations in Articles F and Appendix B will be interpreted in their simplest manner and clearly stated, while holding true to the underlying intent.

2. **Equality of Educational Opportunity Across the District**

   All students who are residents of Rivendell’s member districts are to be treated equally and provided with the same opportunities, with the costs to be borne by the district and allocated among the member districts based on ADM as defined in the Articles of Agreement. Regardless of town or state affiliations, board members, administrators, faculty, and staff shall embrace the credo, “These are all our children.”

3. **Sharing Expenses and Revenues RISD While Recognizing Differences**

   -- Just as Principle 2 states that RISD is a single community for the purposes of education...
   -- The standard, default approach to allocating the expenses and revenues for education is also a shared approach, apportioned among the member districts by student enrollment.
   -- However, this Interstate District marriage (between a NH school district and a VT unified school district with 2 different State governments as in-laws) necessitates some compromises that, to apportion
certain expenses or revenues, do not follow the standard approach. Specific Articles in the Articles of Agreement or sections of the Interstate Compact govern these cases.

Footnote to Principle 3:

a. Apportioned by a prescribed formula that differs from the percentage of student enrollment are:
   i. Certain capital expenses (those with initial State Aid)
   ii. Expenses of transportation to and from school [unless voters elect to make this a district-wide expense]

b. Apportioned directly (100%) to the member districts to offset Net Operating Expenses obligations are:
   i. Revenues from grants/aid from the States of NH and VT
   ii. Expenses incurred on behalf of individual students in a member district, where the expenses are later 100% offset by revenues earmarked for that student/purpose.

However, if the needs of student in b, ii above are not fully met by the restricted funds, then the district as a whole would share in the cost that exceeded those funds.

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4. Fiscal Fairness Across State Lines

Rivendell shall adopt no policy or practice from one state that would unfairly impact a member financially in another state. No one member, or the members within one state, will be disadvantaged or caused to bear a disproportionate share of district expenses except as explicitly agreed upon within the Articles of Agreement. Likewise, Rivendell shall not participate in educational programs offered by one state unless its students from member districts in the other state have equal access to them.

Footnote to Principle 4:

1.) Vermont School Choice (Act 129) appears to provide a benefit to only Vermont students within the district while having a cost impacting the district as a whole. RISD could only participate in this program if “receiving” Vermont schools agreed to accept Orford students equally with Vermont students because they are first and foremost Rivendell students

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5. Asserting Our Interstate Autonomy

The district has a great deal of autonomy to shape its educational community relatively free from the laws of either state. As necessary, Rivendell should assert its unique standing as an interstate school district to challenge and seek exemption from laws or policies by either state that would compromise this self-determination. Mechanisms within the Articles of Agreement and the Interstate School Compact Law, such as administrative agreements between commissioners of education, should be utilized to arrive at two-state solutions whenever possible.

Footnote to Principle 5

1.) ADM Census: When assembling data such as enrollment used for the purpose of allocating expenses among member towns, RISD will be guided by the Articles, regardless of how one state or another may wish to have such data reported to them. While it may be necessary when dealing with programs funded

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by or through either state to recalculate enrollment numbers according to their dictates, it should be recognized that RISD must exercise its autonomy when assembling such data for its own internal purposes. Not doing this would make the district’s operations subject to the vicissitudes and vagaries of one state or the other. It would risk applying one state’s edicts to the district residents of the other state, which would violate Guiding Principle 4. And it would confuse comparative calculations from year to the next by residents, which would violate Guiding Principle 1.

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6. A Dynamic Document Held True to Its Intent
From time to time the Articles may need to be amended following the arduous procedure outlined in Article J. However, a truly dynamic and living document will allow for reasoned interpretation during unforeseen circumstances if the intent of that document is broadly understood and embraced by residents, their representatives, and administrators. This may be done through Board policy, employing outside counsel, or administrative rulings endorsed by the Board. It is imperative, though, that interpretations in practice or policy be recorded in annotations to the Articles that may take the form of illustrative footnotes or descriptive examples, analogous to case law as it relates to a constitution. Likewise, administrative agreements and legal opinions that have direct bearing on how the Articles are to be applied must be appended as supporting documents to the Articles. The result should be a well-documented and transparent record with the Articles at its core that will enhance rather than constrict self-governance.

Footnote to Principle 6:
1.) Upon completion of the Rivendell Review Committee’s work, a Procedures Guide will be crafted by the administration and Local Elected Auditors to determine what actions and changes in internal procedures are called for. While some may be straightforward, such as proofreading the published versions of the Articles, others may require procedural changes based on interpretations of the Articles. In those instances, the administration will explain the rationale for such changes in practice to the Board and seek their endorsement. Once adopted, these decisions will be appended through annotations to the Articles with the date adopted and a brief summary of the reasoning.
Attachment 2: Definitions

**Apportionment** – Mechanism for sharing district-wide appropriation among member districts.

**Average Daily Resident Membership (ADM)** for RISD apportionment is defined in Article F as “average enrollment of students who are residing in the district and are attending schools at district expense during the first forty school days of the school year. “Forty School Days” are the days the school is in operation.

**Membership = Enrollment.** Enrollment occurs when a prospective student’s paperwork is completed by the parent/guardian, returned to RISD and the student actually is in attendance. Enrollment continues from year to year unless the student graduates, moves away or is dis-enrolled or deemed dis-enrolled for lack of attendance. A record of actual days attending school are not the same as enrollment for the purpose of determining ADM.

**Students that count for ADM:**
- All Rivendell district town K-12 Students on RISD campuses
- Part-day off-campus education components such as Vo-Tech still counting as full RISD enrollment
- Wards of state and state-placed students
- Pre-School Students shall be counted using a metric to be further refined.

**Students that do not count for ADM:**
- Students, including Pre-K students, for whom the member district pays tuition to a private, independent, or public school for a special education program. (additional analysis of this point may be required)
- Vermont Choice students and foreign-exchange students.

**Federal Aid:** Grants and other funds originating from acts by the US congress, whether flowing through states to RISD or direct.

**Title Funds:** A subset of federal aid distinct from federal special education assistance under IDEA.

**Member Districts:** Orford, NH; Fairlee, West Fairlee, and Vershire, VT. Member Districts designate their public school students to attend Rivendell Schools Pre-K to grade 12 unless otherwise agreed. All registered voters of Member District Towns may vote at RISD Annual and special meetings.

**Net Operating Expenses (NOE)** are that portion of total budgeted Rivendell expenditure annually apportioned among Member Districts and paid by them. This will be further defined in the Procedures Manual in accordance with the Interstate Compact and the Articles of Agreement.
Revenue: All funds received for services, programs and initiatives at RISD. Revenues include Grant proceeds, Donations, all manner Federal and State aid, Tuition, use charges or rental of space and other miscellaneous receipts.

Total Revenue includes Revenue plus payments to RISD from Member Districts

Restricted Revenue is that portion of Revenue received for specific purposes and which per the terms of the funder may not be used for other purposes. It includes:
- Revenues from grants/aid from the States of NH and VT
- Expenses incurred on behalf of individual students in a member district, where the expenses are later 100% offset by revenues earmarked for that student/purpose

Special Education: Education and associated service and accommodations provided Students with disabilities under IDEA (Individuals with Disabilities Act). This means education for students in accordance with an IEP (Individual Education Plan).

Section 504: applies to all individuals with disabilities of any sort and is a much larger set of people and disabilities than students who receive special education. In general, it obligates employers and others to make reasonable accommodations so as not to discriminate against people with disabilities of whatever nature. It does not provide funds to cover costs of achieving compliance.

Accommodations: Accommodations are devices, equipment, space modifications, services etc. provided to students or staff to permit them to perform their work and learning, including but not limited to students receiving special education under an IEP.

State Aid: Funds originating from acts by state legislatures and not specified by the federal government. State Aid is income to which RISD as a whole is not considered entitled.