

Finance Committee Remote Meeting Minutes

Wednesday, May 27, 2020 @ 6:00 PM

Attendees: Al Howland, Brian Cisneros, James Morse, Michael Williams, Sue Caswell

Visitors: 0

Al Howland asked the committee if they minded that they adjust the agenda to put item #III – Review of Board Questions after item # IV. Facilities – end of year funding considerations. All agreed.

Al stated that he would like to begin using the requested information from Sue. Regarding the trust and emergency fund balances, specifically the special education fund first by asking how this fund works and what is it used for.

Sue explained that the special education fund is there for special educations costs that happen if we get an unexpected out of district placement, we will use this fund at the Board discretion.

Al asked about the remaining funds if the Board had the authority to spend these.

Sue stated yes except for a small capital reserve fund.

Michael clarified the balance of about 1 million without the special education and facility development fund.

Michael asked about the history of the facility development and replacement fund. He thought the this was part of a warrant article a couple of years ago.

Sue explained that this one was missed when they merged the remaining accounts.

Questions asked if this was the \$20,000 fund. Sue would need to go back and verify this, but also noted that you cannot merge an expendable fund with a trust fund.

Michael clarified that to use this fund you would need a specific purpose and warrant article to use.

Sue stated that is correct.

Al asked if there were additional question regarding trust funds. Hearing none he moved to the Updated Fund Balance.

Sue stated that she ran a report as of May 21st and expects that between now and the end of the year we will need about \$250K to finish out and that this was a conservative amount.

Al asked about the tax impact to the towns and if the district would be returning 450K. Sue explained that we used the figure of \$400K. Al stated that in theory that leaves an unexpended fund balance off about \$750K with about \$350K to work with. Sue said that is correct.

Brian asked if this included savings for fuel and subs. Sue stated for the most part but we don't encumber fuel and that we have unencumbered most of the salaries, but bus drivers are the wild card and we might have more there.

Brian also let the committee know that the word out there is that we are saving millions due to COVID-19 and that we need to make them aware that this is not the case.

Jim stated that when we get to the 5-year history we will note that the balances are consistent.

Al asked about the sub line and thought that there would be a savings there.

Sue explained that if we finished the year, this line would have been in the red as the subs have been historically high this year. We have had a large number of long term subs this year. Additionally, we can get a clearer picture of the savings toward the end with possible savings in athletics and travel. Jim stated that these accounts are not large so the savings would be minimal.

Brian asked why the Worker Compensation line was only half spent. Did we have a claim fall off?

Sue stated that workers compensation did well last year, and we were given a credit that we applied to this year's premium.

Al moved onto the five years of revenues. He asked Sue when you look at the local tax appropriation for Durham in 18/19 it was \$17,751,938 and in 19/20 it is \$14,778,923. Why is it a short fall. Sue explained that we have not collected the final payment. We collect monthly and work with the towns. We have a schedule and Tim is in constant contact with them.

Brian stated that is why Durham, Lee and Madbury are lower right now. Michael stated that the total revenue right now is 30M for the year so far and will be about 45M by the end of the year.

Sue explained that this is just the general fund revenue and does not include food service and federal fund revenues.

Al clarified that the Barrington tuition revenue was at \$280K for FY22.

Sue explained that it is based on the current budget with a 3.9% increase. She confirmed with the high school that there are 49 incoming freshman which is 9 more than she budgeted for about \$160K.

Jim stopped the meeting at 6:11 due to technical difficulties the volume is not coming through the streaming. The meeting resumed at 6:12.

There was additional discussion surrounding the tuition revenue, high school rebounding from Dover high school opening and a small number of kids returning from private schools. Questions asked about the use of the \$160K in FY22 in an emergency fund? The need for a warrant article to authorize spending. Where we are in comparison to what was budgeted.

Michael clarified that the Medicaid revenue is down and is now at \$114K and asked if it will continue at that level or go up to the 200K. Jim stated that in speaking with Catherine he believes that it will be about \$200K and that we will know more at the end of the year.

Al moved onto the Facility End of Year consideration list. Sue stated that she has this discussion with Jim Rozycki every year and we list what we want by priority. There are things that come up that are not on the list, small things, but we are not considering doing any of these.

Jim stated that he is hearing from both Jim R and Suzanne that the high school chairs are desperately needing replacement, and this would be the only thing on the list that he would consider bring forward.

Questions asked about items marked safety and security if this was life safety or building safety. Why fire alarms are prioritized as the last item on the list. Are chairs really a priority and would we use them.

Sue explained that regarding the chairs, they could be used for social distancing.

Al suggested that this list go on the next Board agenda and that both Suzanne and Jim Rozycki be present to explain why there is such a need for new chairs. Brian also stated that by sharing this list with the full Board, will show what we are leaving on the table and what is coming down the pike so that it is not a surprise.

Jim asked Michael in his capacity of vice-chair if he wanted this included in the Board packet for June 3rd. Michael stated that it should be included in the June 3rd packet as informational and that we would not act on it until we had a better idea of the fund balance. Michael asked both Al and Brian if they had anything to add and if they agreed with this. Both were in agreement. Al will give an update on this under the Finance Committee section of the agenda. **Jim should Suzanne and Jim R be present at the June 17th meeting or both the 3rd & 17th?**

Al asked if there were any additional questions from Board members. Receiving none he moved the meeting forward to discuss the questions that have already been submitted by Tom and Michael. He knows that he is jumping forward when he feels that the question that sticks out is, "What is the budget goal?" What is an appropriate budget goals in this current climate? In the past it has been 3 or 3.5 %. What is a viable budge goal?

Jim stated that it is a premature questions as the work of the finance committee moves forward, we will have a better idea of revenues and expenditures. Think that the percentage will be lower and through the work of this committee we will be able to come up with a reasonable number. We also need to be working as a team with the towns of Durham, Lee and Madbury to answer their questions, but to have them also answer ours and exchange information.

Jim asked Al for clarification as chair of the finance committee if he want Sue and him to write this letter to the towns or did Al want to write the letter.

Al explained that after thinking more about this, he felt that this was not the way to proceed and that the finance committee members along with Jim and Sue set up meetings with the individual town administrators. This would be like what Jim does when he meets with the individual towns to update them on the opening of school and then again with budget updates. This meeting could form a good work group for each town and would allow the administrator to go back and report to their boards what questions or information was shared at the meeting. Al stated that he will report out to the full Board at the next meeting for their approval to have a school district tri-town meeting structure that the finance committee would like to use moving forward.

Al asked under Other if there were any additional questions on the Budget.

Michael stated that he agrees that it is too early to figure out what the goal for FY22 should be, but the way we structured that goal was different this year as we looked at apportionment amounts and also that this affects each ton differently. He questioned how do we even structure that goal. Additionally, in terms of the FY21 CIP this discussion needs to happen soon.

Jim stated that is true and that we have started the two classrooms at the high school. We will have Jim Rozycki give an update on the current CIP for the meeting on June 17th.

Al asked if there was any money in the 2020/21 budget that we do not need to spend. Brian noted that his company stated that there would be no large group meetings for at least a year and questioned the possibility of online professional development that could save the district money.

Jim explained that he does not see large group gatherings either and that we have done a lot of online PD this winter and spring.

The meeting was interrupted at 6:46 for one minute for technical difficulties for the phone connection.

Al additionally asked if we could look at areas in the July 1st budget that we may not expend and roll that into the fund balance. He also asked Jim for an overview of the accounts for the past 5 years to start. Hopefully, this will provide an easier review of possible areas of the budget instead of a line by line review. He also asked when the department heads sit down and prepare their budgets.

Jim explained that all 4 principals run conservative budgets and that they are already in that mode. He went on to explain that Suzanne also needs teacher input for her budget preparation.

Al explained the process that the Durham Town Council used and asked Jim if the district could come to the budget meeting with scenarios at each of the school levels of what they can live with and what they cannot live without.

The committee had a lengthy discussion of different scenarios and what ifs for budget planning surrounding retirement incentives, not replacing personnel, thoughts on the upcoming negotiations, structure surrounding budget goal, decrease in enrollment for possible fewer classrooms.

Al asked Jim to comprise a list of who is eligible for retirement and the potential savings, using the location/position/salary/replacement costs.

Al asked if there were any additional questions for Jim or Sue.

Jim reiterated to Al what the items were for the next agenda that the committee would be looking for:

CIP Project Update, 5 Year Summary of Expenditures, Scenarios on Revenue, Retirement Incentive List, Board Report out, Invite town elected official to a Finance Committee meeting,

Brian asked if we needed to approve the minutes.

Jim stated that they do not need that formality but will check if that is accurate.

Al stated that because we are taping and streaming the meetings, he did not feel that approval of the minutes was needed and asked both Michael and Brian if they agreed to this. Both agreed

No additional questions or comments.

Meeting ended at 7:15 PM – Next meeting will be a remote meeting on June 10, 2020

Respectfully submitted,
Wendy L. DiFruscio