

**Minutes
Finance Committee
September 14, 2018**

Present:

Jacqueline Blechinger, Committee Chair
Tony Pesco, Committee Member
Dr. William McKersie, Superintendent of Schools
Richard Rudl, Director of Finance and Operations

Absent:

Gina Albert, Committee Member

Guests:

Michael Rizzo, Assistant Superintendent for Pupil Personnel Services
Andre Santelli, Foodservice Director

The meeting was called to order by Ms. Blechinger at 8:17 a.m.

The Committee discussed the following items regarding the FY 2018 year-end financial update:

- Mr. Rudl reported that the final fund balance for FY 2018 was \$12.22 with no encumbrances against an adjusted budget of \$50,969,374 after the supplemental appropriation of \$1,061,852 which was approved by the Board of Finance.
- Mr. Rudl informed the Committee that the report reflects transfers totaling \$202,411. Of these transfers, nine are in excess of \$5,000. Among these are included \$68,229 to cover expenses previously funded by the technology lease, \$16,577 to cover an increase in special education legal fees, \$10,067 for testing services for special education students, \$8,870 for an increase in bus aides for special education, \$7,787 to cover the cost of homebound tutors, \$10,225 for guidance coverage for maternity leave, and \$9,117 to cover the cost of additional hours for a physical therapist.
- Regarding the Internal Services Fund, Mr. Rudl reported that final fund balance is \$1,842,092 and the negative net change is now (\$463,240). Claims spiked in June to \$767,447 total claims. This is due in large part to the fact that employees were trying to make all their medical appointments before the District switched insurance carriers on July 1.

The Committee discussed the following items regarding the financial update for FY 2018 SPED including reconciliation against the special appropriation:

- Mr. Rudl reported that at the May Board of Finance meeting, the Board of Finance approved a special appropriation in the amount of \$1,061,852 to provide funding for Special Education Out-of-District Placements and Unilateral Agreements. The shortfall was due to deficits in tuition and transportation agreements. The District used 100% of the supplemental appropriation, but required an additional \$25,703.94 to cover all obligations as the year ended. The District was able to cover these costs by instituting a budget freeze in May.

The Committee discussed the following items regarding the financial update on the FY 2018 school lunch program:

- Mr. Santelli informed the Committee that the middle school cafeteria renovation was a success, and that sales are up approximately \$200 a day at the school. He added that coming off of the National School Lunch Program (NSLP) has been a success, with the foodservice program seeing its best year ever in terms of sales. Net profits for FY 2018 was \$55,051.51. Food sales and catering were up 4.23% year over year, but when excluding the NSLP subsidy, they were up 7.6%. The number of meals served was up by approximately 45,000 year over year.

The Committee discussed the following items regarding the FY 2019 financial update for the period of July 2018– August 2018:

- Mr. Rudl reported a projected fund balance for FY 2019 of \$156,054 excluding SPED encumbrance holds and negative (\$109,946) including SPED encumbrance holds. Encumbrances total \$41,748, 997 and SPED encumbrance holds total \$266,000 against a budget of \$51,444,906.
- Mr. Rudl identified several areas that could potentially contribute to a total shortfall in the budget of (\$372,673). These include SPED encumbrance holds for unilateral placements, health insurance for an additional SPED para educator, census changes for health insurance for employees who previously waived insurance, a shortfall of salary for additional SPED para educators, and a Board of Finance request to hold funds back for an IT special appropriation. Mr. Rudl also identified some surplus areas that that would reduce the shortfall to (\$109,946).
- Mr. Rudl informed the Committee that the report reflects transfers totaling \$812,307. Of these transfers, 19 are in excess of \$5,000. Among these are included \$288,453 for annual staff turnover adjustments, \$36,045 for BOE approved salary adjustments for unaffiliated support staff, \$77,553 for BOE approved salary adjustments for unaffiliated administrators, \$63,421 for the AFSCME early retirement incentive, \$58,128 for a census

change to health insurance for five employees going from single to employee +1, \$43,597 for a census change to health insurance for nine employees going from employee +1 to family, \$32,940 for a census change in health insurance for two employees going from single to family, and \$43,320 for shared services revenue for an IT technician.

- Regarding the Internal Services Fund, which now only includes dental, as the District has moved to the State healthcare plan, Mr. Rudl reported that the current fund balance is \$1,835,814.

The Committee discussed the following regarding a review of the state partnership plan cost:

- Mr. Rudl informed the Committee that the total increase to the insurance budget due to census changes to the State healthcare plan is \$192,768. Once additional SPED para educators are added to staff beyond the current budget, there will be a total shortfall in the health insurance budget of \$261,558.

The Committee discussed the following regarding the monthly financial update on PPS/SPED:

- Mr. Rudl reported that regarding special education out of district tuition and unilateral agreements for FY 2019, actual costs are \$400,504, but projected costs are \$2,141,949, with encumbrance holds totaling \$266,000 for a total projection of \$2,808,453. This is against a budget of \$2,651,808, resulting in a negative variance of (\$156,645).
- Mr. Rudl added that the encumbrance holds represent parents who have unilaterally outplaced their child but no agreement has formally been reached between the parent and the District. These encumbrance holds are being included as potential costs to account for potential unknown, but probable liabilities.
- Mr. Rudl informed the Committee that the Tuition line item on the financial report represents both outplacements and settlements for SPED. To provide better clarity, he and Mr. Rizzo have worked to isolate those that consist of outplacement and settlement agreements. Total projected costs for outplacements is \$1,589,836 and total projected costs for settlements is \$2,808,453.

The Committee discussed the following regarding the security grant update:

- Mr. Rudl reported that the District applied for a School Security grant through the Department of Emergency Services and Public Protection. The District has been awarded \$31,031.02 which was received on September 5th. The grant must be used for physical infrastructure improvements related to school security.

The Committee discussed the following regarding a draft of capital projects over the next five years:

- Mr. Rudl shared with the Committee a list of capital projects tentatively scheduled as the priority projects based on the facilities study conducted by Silver Petrucelli (excluding the middle school). The projects would be scheduled for completion over the next five years. Among the projects included are security initiatives (\$950,000), installation of handicap stalls in bathrooms in the high school (\$300,000), replacement of unit ventilators in the old portion of the high school (\$330,000), replacement of the air handling unit in the old gym of the high school (\$275,000) and replacing the boiler in the East House of the elementary school (\$240,000). Mr. Rudl and Mr. Olenik, the District's Facilities Director, are continuing to refine the cost estimates.

The Committee discussed the following regarding IT shared services and the Board of Finance request:

- Mr. Rudl shared with the Committee a joint memo from himself and the Town Administrator to the Board of Finance regarding the IT shared services supplemental. At the June 14th Board of Finance meeting the Board of Finance approved two supplementals to restore IT shared services between the Town and BOE. The amounts approved were \$15,978 for the BOE and \$35,000 for the Town. In July the Board of Finance requested that the Town and BOE bring forward to the Board of Finance savings to offset the \$35,000 supplemental. The memo detailed the savings that have been achieved between the BOE and Town. Four RFPs, one from the Town and three from the District, have resulted in total savings of \$84,554 which will be budget reductions for the FY20 budget and some of which can be used as savings for FY19 to address the concerns of the Board of Finance regarding the IT supplemental.

The Committee discussed the following regarding approval of the June minutes:

- The Committee approved the June minutes.

The Committee discussed the following regarding other business:

- Mr. Rudl shared with the Committee a schedule of standing items for the year which will appear on each month's Finance Committee agenda. The Committee approved the schedule.

There being no further business to discuss, the meeting adjourned at 9:26 a.m.

The next meeting will be held on October 12th.

Respectfully submitted:

Andrew Galli
Administrative Assistant to the Director of Finance and Operations