

Budget & Finance Committee 10/16/18

Board Members Present: Steve Carr, Rusty Gagnon, Jen Newcomb, Gavin Robinson

Also Present: Holden Town Manager Ben Breadmore, ESG (Energy Systems Group) Rep – John Bresnahan, Auditor – Bill Hall, Facilities Manager Jake Morgan, Superintendent Susan Smith, Finance Manager Kelly Theriault, Holbrook Principal Richard Modery (arrived at 6:10pm)

Called into session 5:17

1. Financial Review
 - a. General Fund
 - i. Discussed that globally we still have 75% available. Question asked as to robotics program and source of funding.
 - ii. Art teacher starting 11/5.
 - iii. Long term sub cost will be incurred in the coming months.
 - iv. Discussion around instructional supply cost and whether it is over budget. Explained that these costs can be spread between different cost centers and we are okay compared to budget.
 - b. Hot Lunch
 - i. Ques of whether \$10,000 per month in revenue is high. Seasonality to program as many parents per pay early in year inflating the September numbers.
2. Auditor
 - a. Student activity accounts are now clean after being a management reportable item.
 - b. Discussed functionality of ADS (accounting software).
 - i. Payroll doesn't align to cost centers. Cost centers do not align to State. For \$600 (per Day, likely one day) Tyler Tech could come in and make these fixes. Also a time commitment for Kelly.
 - ii. Would help to continue clean-up of student activity accounts
 - iii. Not a control issue
 - c. Food Services
 - i. Have a high balance due to managing of expenses. Recommend investments in equipment as State may send letter due to high balance. Kelly does not expect penalty based on prior experience.
 - d. General Fund Balance
 - i. State Statute (Balance of Allocation) cannot have more than 3% of unassigned fund balance for 3 straight years. State discussing penalizing schools with over 3% by withheld subsidy, forcing use of unassigned fund balance (approximately \$822,000 as of Fiscal Year End 2018).
 - ii. Article 23 of the 2017 Warrant allowed RSU 63 to transfer funds to specific cost allocations. Discussed transfer of \$219,000 from General Fund to Capital Reserve Fund in order to lower the Remaining Unassigned Fund Balance. However, we will still be over the 3% threshold. We expect a letter from the State likely asking what our plan is to reduce this number to less than 3% in the future.

- iii. Will put this reallocation request to Board in November to move approximately \$219,000 to the Capital Reserve Fund.
 - iv. Discussion around responses to potential State letter.
 - v. Discussed Drummond Woodsum articles drafted for other schools facing same issue which would sweep funds from the General Fund to a contingency fund in order to keep the RSU from being out of compliance in the future. Kelly will speak with them at conference she is attending shortly.
 - vi. Discussion around overdrawn other line items in future in order to manage the overall budget to keep general fund at level State expects. For instance, capital improvements would be allowed if Special Education was under budget.
3. ESG
- a. Heat/Building Automation Control System
 - i. ESG Team corrected Holbrook heating control systems that were not working before. However, this is a Band-Aid® that will get us through winter.
 - b. Presented 'Why RSU 63'
 - c. Presented Roof Repair photos
 - d. Discussion around how ESG is reimbursed for the project. While Statute allows for 15 Year financing when the project does not add to operating cost, the opinions of the Committee were that the incurrence of debt would be detrimental to taxpayer/community relations.
 - e. Comment as to current building maintenance cost savings not equating to a 15 Year, \$7,000,000 repayment/debt service.
 - f. Question/Discussion as to maintenance after project and whether ESG would be involved.
 - g. Continued presentation reviewing areas of concern around heat, air flow, methods of looking to save energy cost.
 - h. Reviewed timeframe – plan is to have Oak Point and ESG present to Board and New School Committee on 12/10 (5:30pm) the savings and investment options.
4. Other – Nothing
5. Next Meeting Date
- a. Tuesday November 13th 5:00 at the Holbrook 2nd Flr. Conference Room

Meeting was adjourned at 6:55