

## **Minutes to the Sept 7, 2022, Finance Subcommittee Meeting**

Attending: R Edelman, M. Bashaw, J. Fitzpatrick, M, Angel, T. Ambrose

Minutes of June 1, 2022, reviewed. R. Edelman Motioned to approve. M. Bashaw second. Minutes unanimously approved

### **M. Angell Reviewed his Business Administrators comments:**

#### **Propane**

Will be going to new Propane vendor. Prior vendor ran us out of propane 5 days before school. They did not service the valve issue in a timely manner. This is second time we came close to have to shut down school over propane availability

#### **Electrical rates**

Will seek rates later this month and will reach out to Finance chair when quotes received

#### **Inflation Rates**

Increases are greater than what was budgeted. Doing a deep dive on finances

#### **Fiscal Condition of the District**

It has taken 3 weeks to get payroll up and running for the District's first payroll run.

Due to this effort the General Ledger balances have not yet been rolled over from the prior year.

Towns of Kingston and Newton are current with their monthly Assessments. The first invoice for the year has been issued to Fremont.

We have 4,436,104 in Cash on hand which represents 1.43 months of spending at the current spend rate.

As of July 31, we recorded 27.525M in revenue which represents the Accounts receivables from the Towns and does not include the use of fund balance of \$1.175M used to reduce the tax rate .

Non-Health insurance spending through July 31 = \$3.014M

Encumbrances were \$21.275M

Remaining appropriation = \$7.471M

Health Insurance spending through July 31 = \$87K

Encumbrances were \$5.546M

Remaining Appropriation = negative \$190K

Fitzpatrick noted that a deficient in this account is unusual as historically we have excess money in the health care account that we often transfer to other accounts via budget adjustments

#### **Trust Funds**

June 30, 2022, Trust funds balance were \$1.418M (including A total of \$537,817 contingency funds).

**Budget Adjustment**

Account #	Account Description	Amount Increased	Amount Decreased
10.1210.19.55640.1.22.00000000	Tuition Non-Public, Special Education		\$106,964.00
10.1210.19.53300.3.27.00000000	Other Professional Services	\$106,964.00	

Account #	Account Description	Amount Increased	Amount Decreased
10.2150.00.53300.2.25.00000000	Other Professional Services - Speech		\$103,529.60
10.2150.00.53300.3.27.00000000	Other Professional Services - Speech		\$25,834.40
10.2150.00.53300.1.22.00000000	Other Professional Services - Speech	\$129,364.00	

Account #	Account Description	Amount Increased	Amount Decreased
10.1210.19.55620.1.22.00000000	Tuition Out of State Special Ed		\$109,989.00
10.2722.00.55190.3.27.00000000	Student Transportation Special Ed		\$50,000.00
10.1210.19.55640.1.22.00000000	Tuition Non-Public Special Ed		\$10,717.00
10.1210.19.55640.3.27.00000000	Tuition Non-Public Special Ed	\$170,706.00	

Account #	Account Description	Amount Increased	Amount Decreased
10.1210.19.55640.1.22.00000000	Tuition Non-Public Special Ed		\$12,242.40
10.1210.19.55610.2.25.00000000	Tuition In-State Special Education	\$12,242.40	

Account #	Account Description	Amount Increased	Amount Decreased
10.1210.19.55620.1.21.00000000	Tuition Out-of-State Special Ed		\$45,000.00
10.1210.19.55610.3.27.00000000	Tuition In-State Special Education	\$45,000.00	

Fitzpatrick noted that these all represent transfers within the Special Education budget and are not increases or decreases to the Spec Education Budget

Motion to accept was made by R. Edelman. 2<sup>nd</sup> by M. Bashaw. Motion unanimously approved

Note these were read out at the School Board meeting on 9/7/22.

**DOE 25 Report**

Review the report showing end of year Financing.

\$1.175 Unexpended funds to be returned to taxpayers to mitigate taxes

Encumbrances carried over from last year (i.e. open PO's) = \$1,012K

\$175K addition to Trust funds from March Warrant Articles

\$537K contingency withheld for emergencies by the School Board at June 22 meeting

We reviewed the cost per pupil calculations at the bottom of the report

Fitzpatrick noted that the Average Daily Membership (ADM) is 1393 students. The actual student account is ~ 1525. He expressed concerns about the definition and calculation of ADM. Our ADM is 9% less than our actual and we need to budget for actual enrollment. Fitzpatrick is pursuing this with the NHSBA to better understand what the state requirements truly are here.

Also discussed that Matt mentioned in the Budcom meeting that you are required to count teachers and not kids for Student Teacher ratios. Fitzpatrick is further going to look into what the state is requiring here as counting teachers and not students in some classes does not make sense.

M. Bashaw asked about the Salary tab and that benefits are 50% of the salary that we pay.

This does not include days off (those benefits are just charged as regular pay). It is only payroll related items and NH retirement that make up the 50%.

M. Bashaw noted that we should be comparing the benefit cost as percent of salary with other districts as we look forward to coming contract discussions.

Insurance is one of the main drivers.

Fitzpatrick pointed out that in our district the district pays its share which includes full family coverage. In other districts the Insurance covered is only single coverage and anything greater than single coverage is at the expense of the employee.

**Reserve Funds as of June 30, 2022** - (reporting is now qtrly)

Special Education Trust	\$241,237
Capital Improvement and Maintenance Fund	\$273,101
Unanticipated Educational Expenses	\$200,244 (reporting is now qtrly)
Facilities use Revolving Fund	\$165,896 (~Expenditures of \$94,818 posted for the wireless upgrade approved by the board)

It was noted that these balances are June 30 balances so increases in Trust funds from the 2022 Warrant won't be posted into the accounts until July

Energy Trust fund will be funded after July 1 when the fiscal year closes

**Trustee Investment Options**

Trustees have contacted the Finance Chair Fitzpatrick to get a sense of the board as regards investment in the trust funds. Their advisor is advising moving some funds into Stocks. Fitzpatrick had informed that it was the sense of the board to keep the funds liquid. He noted the recent authorization to consume 80% of one trust and 48% of the other. He pointed out that the trustees agreed there was risks in stocks but also there are risks from inflation of staying liquid.

Fitzpatrick noted that we would like to get both groups together to review. The Trustees are the group responsible for the decision, but they would like to understand the Boards perspective.

M. Bashaw would like to hear why the advisor is recommending investing now. Her sense would be this is not the time. She would very much like to get together with them to discuss.

### **ESSER FUNDS for Special Education (vs use of the Trust Fund Money)**

Fitzpatrick note that the Esser funds should be available for this the need seems to fit the requirements of the Grant. M. Angell noted that this assessment would be part of the deep dive.

Fitzpatrick noted that the Union Leader was reporting that Esser funds were being used in Manchester as stipends to teachers indicating that the definition of meeting the requirements of the fund can be very liberally interpreted.

T. Ambrose note that we were reviewing the entire budget and all grants available to determine the best way forward. Still working out the changes in personnel and what that means in total salary and total insurance as budgeted for existing personnel and when people leave, and new people are hired the salary and Insurance numbers change.

T. Ambrose noted that 80% of the budget is people

### **Inflation**

Mr. Angell noted that the budget was based on a 2.5% inflation factor. The district is experiencing much higher inflation

He mentioned they have some vendors with increases of 24% to 74% and he has to kick back invoices to vendors and have his people go negotiate a different price.

Fitzpatrick note that Inflation is here and real, but we need to find ways to offset these increases as such increases year over year are not sustainable to the District, including Freemont.

M. Angell noted local inflation is 7%. M. Bashaw noted she is seeing higher. R. Edelman noted that we should probably be negotiating prior to invoices being issued, but ultimately, we need to see on a line by line basis to assess this situation.

T. Ambrose noted that we cant change contract items and they are 80% of the budget. So, its 6-7% of the remaining 20%. M. Angell also noted that the bond payments are not subject to change. So, it is NOT 7% of the \$37M issue.

### **Primex Cap Agreement**

M. Angell reviewed past history. He reached out to commercial insurers for comparison. Matt will recommend approving the Primex cap agreement at the board meeting later today

### **Withdrawal from CRF for energy needs**

M. Angell was requesting withdrawing all but \$1 from the newly established fund to cover energy inflation (i.e. \$74,999 of the \$75,000 approved in the March 2022 warrant article)

Fitzpatrick noted he did not support:

The board just authorized in June spending 80% of the Special Education Trust fund and 48% of the Unanticipated Educational Expense Trust fund. We also have spent 37% of the Facilities Revolving Fund.

Additionally, we authorized \$250K for the Auditorium. \$133K for the Track, \$15K for a basketball court and \$90K for a middle school office (which was able to come in much lower). We also put aside \$537K in contingency funds and we still returned \$1.175M to taxpayers. So, there is a lot of unexpended funds we still have available and very concerned of taking down all these trust funds at the beginning of the Budget cycle. Much prefer to put this off and see where we are later in the year. It's premature to do this now. It maybe we need to, but we do not need to do this now, 2 weeks into the school year. M. Angell agreed that he had no issues with delaying when M. Bashaw asked if any harm in waiting. M. Angell said we would know much better after the deep dive analysis is complete.