

Concord School Board  
Finance Committee Meeting  
Wednesday, September 30, 2020

Committee members present: Tom Croteau, Liza Poinier, Jim Richards, Dave Parker (remotely)

Committee members absent: none

Other board members present: Gina Cannon (remotely)

Administration present: Superintendent Kathleen Murphy, Business Administrator Jack Dunn

Tom Croteau called the meeting to order at 5:43pm and noted that the meeting was an annual meeting during which the committee would review the FY20 budget, the FY21 budget and recommendations, FY22 considerations, entertain a motion if required, and a review of upcoming meetings. Mr. Croteau turned the meeting over to Jack Dunn.

Mr. Dunn began by reviewing a history of the budget finalization history meetings.

**FY20 (ENDING) & FY21 (FINANCE)\***

- September 30, 2020 – Finance Committee Meeting
- October 28, 2020– Special Board Meeting (*Public Hearing and Finalize FY20 Budget*)

**FY19 (ENDING) & FY20 (FINALIZE)**

- September 30, 2019 – Finance Committee Meeting
- October 28, 2019– Special Board Meeting (*Public Hearing and Finalize FY20 Budget*)

**FY18 (ENDING) & FY19 (FINALIZE)**

- October 3, 2018 – Finance Committee Meeting
- October 29, 2018– Special Board Meeting (*Public Hearing and Finalize FY19 Budget*)

**FY17 (ENDING) & FY18 (FINALIZE)**

- September 20, 2017 – Finance Committee Meeting
- October 25, 2017– Special Board Meeting (*Public Hearing and Finalize FY18 Budget*)

**FY16 (ENDING) & FY17 (FINALIZE)**

- October 17, 2016 – Finance Committee Meeting
- October 26<sup>th</sup> – Special Board Meeting (*Public Hearing and Finalize FY17 Budget*)

**FY15 (ENDING) & FY16 (FINALIZE)**

- October 7, 2015 – Finance Committee Meeting

- October 26<sup>th</sup> – Special Board Meeting (*Public Hearing and Finalize FY16 Budget*)

**FY14 (ENDING) & FY15 (FINALIZE)**

- September 15, 2014 – Finance Committee Meeting
- October 22, 2014 – Special Board Meeting (*Public Hearing and Finalize FY15 Budget*)

**FY13 (ENDING) & FY14 (FINALIZE)**

- September 30, 2013 – Finance Committee Meeting
- October 28, 2013 - (*Public Hearing and Finalize FY14 Budget*)

**FY12 (ENDING) & FY13 (FINALIZE)**

- October 24, 2012 – Finance Committee Meeting
- October 24, 2012 – Special Board Meeting (*Public Hearing and Finalize FY13 Budget*)

Mr. Dunn explained the fiscal and tax assessment year dates:

- **Fiscal Year:** July 1st to June 30<sup>th</sup> (July 1, 2019 to June 30, 2020)
- **Tax Assessment Year:** April 1<sup>st</sup> to March 31<sup>st</sup> (April 1, 2018 to March 31, 2019)

Mr. Dunn reviewed the current FY20 approved budget. He explained that many of the lines on the expense or revenue side appear in the positive, which reflects the fact that the district did not need to dip into the trust fund to offset those expenditures.

**FINANCE COMMITTEE - FY20 APPROVED BUDGET**

FUND	APPROVED 10/28/2019
- Operations Excluding Debt Service	76,661,835
- Operations Debt Service	6,367,912
- Transfer to Facilities and Renovation Trust	1,911,609
- Transfer to School Bldg. Maint. Trust	358,406
- Transfer to Vocational Reserve*	172,804
- Transfer to Special Education Trust	362,801
- Transfer to Technology Innovation Trust	250,000
- Transfer to Food Service	50,000
<b>Total General Fund</b>	<b>86,135,367</b>
Food Service Fund	1,951,883
Grant Fund	3,386,198
CRTC Capital Projects Fund (FY20)	110,000
<b>TOTAL APPROPRIATIONS</b>	<b>91,583,448</b>

TAX IMPACT SUMMARY	
Projected City Valuation (market & real growth)	\$154,746,280
Tax Rate (local)	\$13.26/th (-\$0.14 or -1.04%)
Tax Rate (state) Fixed Amount	\$2.05/th (-\$0.09 or -4.21%)
Tax Rate (local and state combined)	\$15.31 (-\$0.23 or -1.48%)

Mr. Dunn explained that the estimated year end fund balance for FY20 was \$3.5 to 4 million, and that the balance required to support FY21 was \$2.1 million. He added that the final URFB (unassigned fund balance) was just over \$4.2 million, and the school board voted in June to begin transferring some of this money into some of the district's trust funds, which help mitigate unanticipated expenses in specific areas (i.e. technology, Special Education, buildings and maintenance). He explained that many of these areas were used far less due to remote learning beginning in March of the FY19 school year.

## FINANCE COMMITTEE - URFB AND TRANSFERS

### ESTIMATED Year End Fund Balance for FY20

- \$3.5 million to \$4 million

### Year End Fund Balance needed to support FY21

- \$2.1 million

ACCOUNT	DESCRIPTION	BEGINNING BALANCE	TRANSFER AMOUNT	ENDING BALANCE
URFB* prior to Transfers			4,249,680.45	
URFB* budgeted in FY21			(2,100,000.00)	
URFB Balance				
1110-5256-00-00-999-693000-	Instructional Trust	146,048.31	832,920.97	978,969.28
1110-5252-00-00-999-693023-	Risk Mgt Trust	1,048,728.55	530,613.87	1,579,342.42
1110-5252-00-00-999-693024-	Energy Trust	170,914.95	68,692.70	239,607.65
1110-5252-00-00-999-693028-	Technology Trust	303,823.13	143,252.29	447,075.42
1110-5252-00-00-999-693021-	Bldg & Maintenance Trust	807,583.61	109,015.98	916,599.59
1110-5252-00-00-999-693027-	Special Ed Trust	417,333.56	461,859.19	879,192.75
<b>SUBTOTAL OF TRANSFERS</b>		<b>2,894,432.11</b>	<b>2,146,355.00</b>	<b>5,040,787.11</b>

Mr. Croteau – movement of this type of money is not a frivolous decision, it is because the school board tries to make choices that will keep taxes as even keel as possible regardless of increased and/or unanticipated expenses within the district.

Ms. Poinier – are there options to perhaps help the district maximize the amount of interest this money accrues? Mr. Dunn explained that due to the state of the economy the interest rate had decreased approximately 2%, so the anticipated interest dropped from \$125,000 to \$15-30,000.

Mr. Dunn reviewed the Food Service fund, which is independent of the General Fund and covers salaries for all Food Service employees, partly offset by the cost of meals and reimbursement from state and federal government. He explained that the cost of providing meal service during remote learning was significantly higher than the normal in-school cost. He explained that a combination of the Food Service trust fund balance, need to pay some Food Service workers from the General Fund rather than the FS fund, and generous community donations toward outstanding student meal balances have left the Food Service fund with a \$50,000 positive balance.

## FINANCE COMMITTEE – FOOD SERVICE FUND

### SUMMARY

DESCRIPTION	AMOUNT	NOTES
End of Year Deficit	(283,435.56)	Deficit for the 2019-2020 School Year
Food Service Balance	208,401.55	Positive Balance in Food Service Fund – Built over the last 4 years
Net Deficit	(75,034.01)	
Food Service Staff Pay	123,243.28	The USDA did not allow us to pay food service workers who did not work out of the food service fund. For the 18 employees who couldn't or didn't work for all or a portion of the days we were remote, the general fund needed to pay the food service fund.
Student Negative Balances	1,827.79	The amount of negative balances at the end of the year in student accounts. Over 16k was offset by generous donations from the community.
<b>TOTAL FOOD SERVICE FUND BALANCE</b>	<b>50,037.06</b>	

Mr. Croteau – clarified that the community donations toward student meal balances are one-time funds. Noted the importance of keeping kids fed and helping families during these difficult times and praised the district for working to maintain these services.

Ms. Poinier – is the online donation link still live? Mr. Dunn – yes. Ms. Poinier – will it be the same situation with FS staffing money in the current school year? Mr. Dunn – no, because everyone is now working.

Mr. Richards – to clarify, the \$200,000 FS balance has now been used up, as well as the \$123,000 from the General Fund, to offset that end of year deficit. Without the “rainy day fund” around anymore, what’s going to happen this upcoming school year? Mr. Dunn – we consolidated some kitchens and did not fill some positions of employees who left, meals will be a combination of remote and in-school with the hybrid model beginning on the 5<sup>th</sup>.

Mr. Croteau – noted that board member Gina Cannon is also in (remote) attendance of the meeting.

Mr. Dunn then reviewed the current FY21 budget that was passed by the board on April 13<sup>th</sup>.

## FINANCE COMMITTEE - FY21 APPROVED BUDGET

FUND	APPROVED 4/13/2020
- Operations Excluding Debt Service	79,759,150
- Operations Debt Service	6,212,817
- Transfer <u>to</u> Facilities and Renovation Trust	1,417,746
- Transfer <u>to</u> School Bldg. <u>Maint.</u> Trust	98,665
- Transfer <u>to</u> Vocational Reserve*	193,918
- Transfer <u>to</u> Food Service	20,000
<b>Total General Fund</b>	<b>87,702,296</b>
Food Service Fund	1,968,514
Grant Fund	3,600,200
CRTC Capital Projects Fund (FY20)	125,000
<b>TOTAL APPROPRIATIONS</b>	<b>93,396,010</b>

PROJECTED TAX IMPACT SUMMARY (VALUATION EXPECTED MID-OCTOBER)	
Projected City Valuation (real growth)	.58% or \$24,675,937
Tax Rate (local)	\$13.44/th (+\$0.18 or 1.38%)
Tax Rate (state) Fixed Amount	\$1.99/th (-0.08 or -2.93%)
Tax Rate (local and state combined)	\$15.43/th (\$0.12 or .78%)

Mr. Dunn reviewed some impacts on the FY21 General Fund budget.

### FINANCE COMMITTEE – IMPACTS ON FY21 GENERAL FUND BUDGET

**EXPENDITURES:**

- Salaries
- Benefits
  - Dental
- Purchased Property
  - Snow Plowing
- Supplies
  - PPE, PPE, PPE
  - Utilities (Electricity & Natural Gas)
  - Postage
- Technology
  - Laptops, Chromebooks, Winbooks, Headsets, Data Connections, Cell Phones
- Negotiations

Mr. Dunn reviewed his budget dashboard with the committee and noted salaries, dental insurance, data communications and postage fees, utilities, and technology as areas that would need to be watched through FY21 and into FY22.

Mr. Croteau – are we all set with networking equipment, enough computers, bandwidth? Mr. Dunn – we used CARES funds to go from a 1GB pipe to a 4-5GB pipe and hope be able to bring that back down once remote learning is reduced or eliminated. There should also be some offset from eRate rebates.

Ms. Murphy informed the committee that she was sending a letter to State Representatives Cohn and State Representative Myler about the fiscal impact on the district due to the COVID19 pandemic.

Note: This meeting was briefly offline due to a technical issue.

Ms. Cannon – money that was moved into specific trust funds cannot be moved into a different trust, correct? Mr. Dunn – this is not typically done, but the board could vote to do this if there was an extreme situation. For example, could vote to reprioritize funds from the instructional trust into the tech trust if there was far smaller need for books and more for technology.

Mr. Dunn explained the new need for and cost of PPE, even without kids back in classrooms yet. He explained the purchase of several floor scrubbers and electrostatic cleaning guns, which were partly offset by CARES money. He then noted that four bargaining units are up for negotiations this year.

Mr. Dunn reviewed local anticipated revenue sources that did not come in as expected due to remote learning, which included summer programming, preschool, and building rental, among other items. He noted that this comes to around \$467,000 in anticipated revenue that will not be received. He noted \$754,000 in lost state revenue and a decrease from \$500,000 to \$250,000 in federal Medicaid reimbursement.

**REVENUE:**

LOCAL	STATE	FEDERAL
Summer School – Academic Summer School – CRTC Summer Camp Summer School – Enrichment – Robotics Vocational Center Students Preschool Bus Passes Charters Earnings on Investments Athletic Fees Gate Receipts Building Rental	Equitable Aid Special Education Aid (formerly CAT Aid) Differentiated Aid – Sped Ed	Medicaid

Mr. Dunn reviewed the tax impact of these budget adjustments. He noted that the FY20 rate was \$15.31, inclusive of the local and state tax rates, and explained that every 1% on the tax rate reflects approximately \$600,000 in the school budget.

**FINANCE COMMITTEE – IMPACT OF ADJUSTMENTS**

	FY20 – FINAL RATE		FY21 – Apr 13 <sup>th</sup> Board Approved Budget		PRESENTED (NOT RECOMMENDED) FY21 - Sep 30 <sup>th</sup> – Finance Committee – IF ADJUSTMENTS MADE	
	(\$)		(\$)	(%)	(\$)	(%)
Local Tax Rate	13.26		13.44	1.36	13.68	3.17
State Tax Rate*	2.05		1.99	-2.93	1.99	-2.93
<b>Total Tax Rate**</b>	<b>15.31</b>		<b>15.43</b>	<b>.78</b>	<b>15.67</b>	<b>1.57</b>
Per Thousand Increase			.12	.78	.24	1.57

Mr. Richards – to summarize, the board passed a budget in the spring, then the whole school year has changed due to the pandemic, so adjustments will need to be made to help mitigate these unanticipated costs while trying to keep the tax impact as minimal as possible. There is also a fair amount of uncertainty and unforeseen events that could happen.

Mr. Dunn reviewed Food Service and explained the decrease in total meals and meals per day from October 2019 compared to May and September 2020. He noted increases in supply and packaging costs as well as a reduction in FS staff positions and consolidation in school kitchen usage. He described the meal online ordering system, which also lets families know where meals can be picked up and may have future utility for being able to provide prepared meals for athletic events and field trips.

**FINANCE COMMITTEE – FOOD SERVICE FUND**

SEAMLESS SUMMER OPTION (SSO) PROGRAM									
TYPE	OCTOBER 2019*			MAY 2020			SEPTEMBER 2020 (as of Sep 25 <sup>th</sup> )		
	Meals	Days	Avg	Meals	Days	Avg	Meals	Days	Avg
Breakfast	13,196	22	~600	9,203	20	460	6,920	-	461
Lunch	44,063	22	~2002	9,203	20	460	8,434	-	562
<b>TOTALS</b>	<b>57,259</b>		<b>2,602</b>	<b>27,609</b>		<b>920</b>	<b>15,354</b>		<b>1,023</b>

SEAMLESS SUMMER OPTION (SSO) PROGRAM						
TYPE	OCTOBER 2019		MAY 2020		SEPTEMBER 2020	
	BREAKFAST	LUNCH	BREAKFAST	LUNCH	BREAKFAST	LUNCH
Paid	.34	.39	2.23	3.48	2.29	3.58
Reduced	1.87	2.99	2.23	3.48	2.29	3.58
Free	2.17	3.39	2.23	3.48	2.29	3.58

Mr. Dunn described the reimbursement the district receives based on families who apply for the Free and Reduced Lunch Program. Mr. Richards – is remote learning affecting our receipt of these applications? Mr. Dunn – we get direct cert list from the state, have also posted the application online and sent it out to families, have staff going around neighborhoods to help families complete the application.

Ms. Poinier – key difference this year is that ALL families should complete this application, even if they know they would not qualify for the Free and Reduced program. This is different from previous years. All families should complete this as soon as possible – can call the Food Service office at 225-0823 or email Lisa Bennett at [libennett@sau8.org](mailto:libennett@sau8.org).

Mr. Dunn reviewed FY22 considerations:

**Board**

- Negotiations - 2021-2022: (4) Collective Bargaining Groups: Concord Administrators Association(CAA), Custodians (UAW), Transportation (UAW), Concord Instructional Tutors (CIT) and Unaffiliated. **[funded in FY23]**

- **New Hampshire Retirement System (NHRS)**
  - News: NHRS 2022-23 Employer Contribution Rates | Board of Trustees certifies rates as mandated by statute
  - CSD Estimated Impact on FY22 Budget with new certified rates
    - Teacher Rate
      - Current Year Rate – 17.80%
      - Next Year Rate – 21.02% or 3.22% increase: All Funds - \$1,102,869 (1% = 342,506)
    - Non-Teacher Rate (.5%): All Funds - \$43,536
      - Current Year Rate – 11.17%
      - Next Year Rate – 14.06 or 2.89% increase: All Funds - \$251,638 (1% = 87,072)
- Healthcare Premiums
  - Billing Rate increase estimated to be in the mid-single digits.
  - Enrollments
  - Current year enrollment down ~130

Ms. Poinier – are there state level conversations about the very high NHRS rate? Mr. Dunn – have not heard anything about this. Police and fire rates also increased. Mr. Richards noted that because of NHRS, residents are already looking at a 2% tax increase before the school board even does anything. Ms. Murphy noted that the state used to pick up 25-35% of the cost of NHRS, but that has gradually gone down to 0%. Some legislators are trying to put some of this cost back onto the state due to the enormous burden this puts on cities and towns. 75% of that rate is to pay for debt, which is scheduled to be paid down in 2039. Ms. Poinier explained that this is a good example of communities being forced to take on costs that they cannot shoulder. Mr. Dunn then explained increases in healthcare premiums and an enrollment decrease of approximately 130 students.

Ms. Murphy explained that families who pull their children from the district in order to home school means that the district loses those state adequacy funds. Ms. Poinier added that she hopes the state changes the formula to account for this very unique year. Mr. Croteau explained that this enrollment decreases works out to approximately 10 students per grade level, which is in no way enough to decrease the number of teachers, so those costs remain the same while state adequacy funding decreases. Ms. Cannon asked what date the census is based on. Ms. Murphy explained that this is the October 1<sup>st</sup> number. Ms. Poinier asked whether OOD placements would change much, and Ms. Murphy explained that this number has not changed and added that she would provide this number at the next meeting.

Mr. Dunn reviewed city, county, state, and federal considerations, which include local commercial and residential growth, NHRS, and stimulus funds.

CITY	COUNTY	STATE	FEDERAL
<ul style="list-style-type: none"> <li>Budget</li> <li>Commercial and Residential Real Growth</li> <li>Revenue</li> </ul>	<ul style="list-style-type: none"> <li>Budget</li> <li>Revenue</li> </ul>	<ul style="list-style-type: none"> <li>Economic Impact of COVID19 <ul style="list-style-type: none"> <li>Reduction in Funding? (one-time funds for 2019-2020, 2020-2021)</li> </ul> </li> <li>NH Retirement System – Experience Study being Conducted</li> <li>Bi-Annual Budget – FY22</li> <li>Revenue</li> </ul>	<ul style="list-style-type: none"> <li><u>Additional Stimulus Funds ???</u></li> </ul>

Mr. Dunn noted the proposed schedule of FY21 budget meetings, noting that this is a draft and is subject to change if needed:

### FINANCE COMMITTEE – PROPOSED SCHEDULE OF 2021 BUDGET MEETINGS

DATE	DAY	TIME	LOCATION	TOPIC	NOTE
Feb. 3 <sup>rd</sup>	Wed.	5:30pm	Central Office – Board Room	WS#1: Presentation to School Board	
Feb. 8 <sup>th</sup>	Mon.	5:30pm	Central Office – Board Room	WS#2: Salaries and Benefits	
Feb. 10 <sup>th</sup>	Wed.	5:30pm	Central Office – Board Room	WS#3: Capital Facilities & Debt Service	
Feb. 15 <sup>th</sup>	Mon.	5:30pm	Central Office – Board Room	WS#4: Student Services	
Feb. 17 <sup>th</sup>	Wed.	5:30pm	Central Office – Board Room	WS#5: Curriculum & Technology	
Mar. 1 <sup>st</sup>	Mon.	5:30pm	Central Office – Board Room	WS#6: Revenues, Transfers and Fees	
<b>Mar. 3<sup>rd</sup></b>	<b>Wed.</b>	<b>5:30pm</b>	<b>Central Office – Board Room</b>	<b>WS#7: <u>OPEN SESSION</u> – Budget to POST (5 votes required)</b>	<b>** POST BUDGET **</b>
Mar. 8 <sup>th</sup>	Mon.	5:30pm	Central Office – Board Room	WS#8: <u>OPEN SESSION</u>	
Mar. 10 <sup>th</sup>	Wed.	5:30pm	Central Office – Board Room	WS#9: CHS and CRTC Enrollments	
<b>Mar. 15<sup>th</sup></b>	<b>Mon.</b>	<b>7:00pm</b>	<b>Mill Brook School</b>	<b>WS#10: Public Hearing</b>	
<b>Mar. 17<sup>th</sup></b>	<b>Wed.</b>	<b>5:30pm</b>	<b>Concord High School</b>	<b>WS#11: Public Hearing</b>	
Mar. 22 <sup>nd</sup>	Mon.	5:30pm	Central Office – Board Room	WS#12: <u>OPEN SESSION</u>	
<b>Mar. 24<sup>th</sup></b>	<b>Wed.</b>	<b>5:30pm</b>	<b>Central Office – Board Room</b>	<b>WS#13: Finalize FY22 Budget</b>	<b>** 5 VOTES IN THE AFFIRMATIVE TO PASS**</b>

Mr. Croteau – in years past, big deals have been the natural gas conversion, all-day kindergarten, etc. Major upcoming considerations are revenues due to Covid and NHRS. Mr. Richards noted that staff salaries makes up 78% of the overall budget. Ms. Murphy explained that the board would receive the enrollment report with numbers on classes and class sizes, OOD placements, homeschool students, etc. at the November monthly meeting.

Ms. Poinier – we have the proposed budget and revenue losses, what does the committee have to figure out today? Mr. Dunn – wanted to get a sense of what the comfort level is with the tax rate depending on how the valuation comes in from the state.

Mr. Croteau, Mr. Dunn, and Mr. Richards discussed how FY22 could see some rough waters, if we can maintain status quo as much as possible this year we can help mitigate that. School board planning helps allow that to happen by ensuring money is set aside in trust funds whenever possible. Wild fluctuations in taxes are very hard on citizens, particularly those on fixed incomes. Considerations such as the NHRS rate and staff contracts, once negotiated with bargaining units, are fixed expenses that the

board cannot change and there's a limited number of things we can control. Mr. Dunn noted that these reserve accounts can help save significant amounts of money when large projects come up.

Mr. Richards – for community that would like to see these slides, where are these available online? Mr. Dunn – these will be posted on the district website after the meeting.

Ms. Cannon – board needs to remember the sports teams and the Bill White contract, issues that were brought up at the last round of budget meetings in the spring. These topics will come up again this upcoming spring, so when can these discussions happen? Mr. Dunn – would suggest this would be joint Instructional and Finance, and could take place before work session #6. Mr. Croteau – is this all sports or specifically JV hockey? Ms. Cannon – the original convo was about JV hockey, but board wanted to look at which sports were impacting the most kids and what those budgets are. Mr. Croteau – this also included co-curricular programs as well. Ms. Poinier – the JV hockey situation gives us a good opportunity to take a look at how new sports are introduced and how they are budgeted. Proposes that board tries to have a presentation about sports and co-curriculars in November, once new board members have been selected but before current members may be gone, so there's some overlap to allow everyone to have a good understanding of how this all works. Mr. Richards – if Ms. Murphy could reach out to Athletics Director and get some of that information for the board, that would be very helpful.

Mr. Parker – if we're going to assess the athletics department and their programs, we need to establish some criteria, maybe a series of questions to help gather as much information as possible. Mr. Croteau – perhaps look around at other districts and see what they've done, perhaps Pinkerton or Manchester, no sense in reinventing the wheel if someone's already done a similar audit.

Ms. Cannon – should we set a time or date in October for the JV hockey discussion? Ms. Poinier – does not make sense to have a whole board meeting to discuss one athletic program that costs about \$3,000. Want to get to the bottom of this, but we're already in a time crunch. Ms. Murphy will meet with Steve Mello (athletics director) to get this information – JV hockey is already budgeted for this year, but it needs to be discussed for next year, along with other sports and co-curricular programs.

Mr. Parker – noted that anything regarding OOD placements is a conflict of interest for him and will remove himself from those conversations and any others where board feels there is a conflict.

Ms. Poinier moved to adjourn, Mr. Croteau seconded, and the meeting adjourned at 7:35pm.