Finance Committee Chair Tom Croteau called the meeting to order at 5:36 p.m. The agenda for the meeting was to review and finalize the FY14 budget, particularly the Unreserved Fund Balance, review the FY15 budget (consisting of an overview of revenues and expenses), and announce upcoming meetings.

Business Administrator Jack Dunn distributed a handout describing the FY14 Unreserved Fund Balance and explained that the District received $218,890 in additional revenue from local, state, federal and other sources. In addition, the District had expenditure savings from encumbrances released from FY13 of $160,475 and expenditures savings from FY14 of $1,677,640. The Unreserved Fund Balance also contains two additional increases. The first is “Reserves for Special Purposes” for $11,248, which is the value of the heating oil remaining in the tanks. The second is $35,599, which is an adjustment by the auditors to reconcile a prior year encumbrance. This brings the total unreserved fund balance to $2,103,852.

Mr. Cogswell asked Mr. Dunn if anything specific stood out in the FY14 budget. Mr. Dunn replied that utility costs and out-of-district transportation costs were particular concerns in the FY14 budget.

Mr. Dunn described the FY14 Food Service budget and handed out a Food Service history, explaining that the numbers in the difference line reflected the deficit of the program each year. In prior years, this deficit was offset by available funds remaining in the food service account. This fund balance was due to the deposit of insurance proceeds for the reimbursement of stolen funds several years ago. He noted that funds ran out in FY14 and that the program has a deficit of $122,086 for FY2013-2014.

Patrick Taylor asked about reasons for the sharp gains and losses throughout the years. Superintendent Rath noted that the most significant reasons were rising costs of required healthier food, health care and dental insurance for food service staff, repair and maintenance of equipment, and loss of revenue. Mr. Dunn added that a shift
within the student population from paid lunches to free lunches also resulted in reduced revenue.

Mr. Croteau asked about the Transfers In category in the Revenue section of the Food Service History. Mr. Dunn explained that Transfers In are transfers to Food Service that the Board approves to cover negative student balances, and Transfers Out in the Expense section are the indirect costs charged to the program to pay the District. The District has waived this charge for the last two years.

Oliver Spencer suggested that loss in revenue may be attributed to students facing long lunch lines, along with a limited amount of time to eat lunch. Mr. Cogswell suggested that Food Service consider the option of ready-made sandwiches and other food to avoid long lines.

Mr. Dunn noted that some of the administrations’ efforts included reductions in staff hours, elimination of the Food Service driver position, and the possibility of reducing the Food Service Administrative Assistant position to a 10-month contract.

Committee members discussed the possibility of implementing a plan to increase sales. It was also noted that many of the school districts in the country are experiencing the same issues with lost revenues and increased food prices.

The Finance Committee can either leave the Food Service deficit outstanding (money owed to the General Fund) and potentially deal with the deficit next year, or appropriate funds of up to $123,000 from the Unreserved Fund Balance, which would reduce the balance from $2,103,852 to $1,980,852. The Committee has the option to vote to recommend an option to the full Board at the October meeting or leave the matter open to further discussion at the Board’s special meeting in late October.

Mr. Dunn then reviewed the FY15 Budget as voted at the August 4, 2014 Special Board meeting.

<table>
<thead>
<tr>
<th>General Fund</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations Excluding Debt Service</td>
<td>$67,101,695</td>
</tr>
<tr>
<td>Operations With Debt Service</td>
<td>$ 6,763,346</td>
</tr>
<tr>
<td>Transfer to Stabilization Fund</td>
<td>$ 119,384</td>
</tr>
<tr>
<td>Transfer to Vocational Reserve</td>
<td>$ 184,192</td>
</tr>
<tr>
<td><strong>Transfer from Vocational Reserve</strong></td>
<td>$ 127,500</td>
</tr>
<tr>
<td><strong>Total General Fund</strong></td>
<td>$74,296,117</td>
</tr>
<tr>
<td><strong>Food Service Fund</strong></td>
<td>$ 1,783,957</td>
</tr>
<tr>
<td><strong>Grant Fund</strong></td>
<td>$ 3,193,891</td>
</tr>
<tr>
<td><strong>TOTAL APPROPRIATION</strong></td>
<td>$79,273,465</td>
</tr>
</tbody>
</table>

Since the Board’s last approval of budget appropriations on August 4, a First Grade Teacher position at Christa McAuliffe ($85,000) and a PM Kindergarten Teacher at Mill Brook ($35,036) have been added, both due to an increase in enrollment. Mr. Dunn explained that these positions were cut as part of the budget process, because at the
time this kept all the elementary schools within the Board’s policy for class size. Mr. Dunn reviewed the Summer Projects Budget of $528,626, noting that $448,641 was spent, leaving a balance of $79,985. In addition, if the Board affirms the bond, most of the $448,641 is reimbursable, which would create available funds to cover these new positions. Mr. Dunn also noted that various weather forecasts predict another cold winter and increased heating costs. The administration will be working on projections to present to the Board.

FY15 revenue includes reduced impact fees, potentially lower Deerfield regular and special education tuition and lower preschool tuition. Impact fees are estimated to decrease by $25,000 due to the city’s elimination of impact fees for homeowner improvements such as finished basements, additions, and enclosed porches. Deerfield regular education enrollment is 178 instead of the projected 168, which could result in additional revenue of $141,630; however, there is a reduction in the number of Deerfield special education students and accompanying services, which could result in a $160,000 decrease in revenue. Preschool enrollments also declined from 53 to 44, which could result in a decrease in revenue of $5,300.

Mr. Dunn noted that, based on the Unreserved Fund Balance of $2,100,000 and assuming the estimated valuation of .30%, the tax rate percent is estimated to be 3.91%, or $48,086,598 to be raised in local taxes. If the Food Service liability were to be transferred from the Unreserved Fund Balance, bringing that amount to $1,980,852, the tax rate percent is estimated to be 4.13%, or $48,205,746 to be raised in local taxes. Final valuation for tax purposes is at the end of October.

Additional discussion included whether to vote to recommend to the full Board the transfer of $123,000 from the Unreserved Fund Balance to reimburse the General Fund for covering the deficit in revenue in Food Service. It was decided that the Finance Committee would vote to recommend the action to the full Board, while looking at efficiencies and how revenue in the Food Service program could be improved.

Mr. Spencer praised Food Service Director John Lash for the work he is doing and added that the administration and the Board would continue supporting him. The rest of the Finance Committee and Board members also present agreed.

Mr. Dunn displayed a list of Trust Fund balances showing the fund description, balance, the FY15 approved amount and available amount, adding that transfers will be completed as needed.

Upcoming meetings include the monthly Board Meeting on Monday, October 6 at which the Board may finalize the FY14 budget, and a Special Board meeting on October 22 or 29 to finalize the FY15 budget for tax rate setting. Seven (7) votes are required at that meeting.

The Finance Committee voted 4-0 to recommend to the full Board to raise and appropriate up to $123,000 from the Unreserved Fund Balance to cover the shortfall in revenue and reimburse the General Fund (motioned by Ms. Ardinger, seconded by Mr. Taylor).
Mr. Croteau called for a motion to adjourn.

The Finance Committee voted 4-0 (motioned by Ms. Ardinger, seconded by Rusty Cofrin) to adjourn.

The meeting adjourned at 6:24 p.m.

Respectfully submitted,

Tom Croteau, Chair Finance Committee
Jack Dunn, Recorder