

Jan 17 2014

Finance Committee of the Board of Education

Attendees: Sean O'Keefe, Loretta Chory, Rosemary Seaman, Susan LaFrance

Meeting called to order at 7:48 am

Susan LaFrance was elected chairperson of the Finance Committee unanimously.

Agreement to hold future Finance Committee meetings on 2nd or 3rd Wednesday of the month at 7:45 am – dates agreed to are:

February 12 at 7:45 am (January Financials)

March 19 at 7:45 am (February Financials)

April 23 at 7:45 am (March Financials)

May 14 at 7:45 am (April Financials)

June 11 at 7:45 am (May Financials)

July 9 at 7:45 am

August 13 at 7:45 am (Yearend Financials)

September 10 at 7:45 am

October 15 at 7:45 am

November 19 at 7:45 am

December 17 at 7:45 am

Motion to approve meeting minutes from November 7, 2013 by Loretta Chory, seconded by Sean O'Keefe. With two abstentions (Seaman/LaFrance), meeting minutes were approved.

Loretta Chory motioned to forgo discussion of November Financial reports and go straight to December reports. Seconded by Rosemary Seaman and unanimously approved.

Sean O'Keefe reviewed the December Financials and discussion ensued regarding the Health Benefits line which is significantly lower than budget due to savings associated with the shift to self-funded. The discussion continued about the creation of a required health reserve for both the IBNR (Incurred But Not Reported) and the 110% Corridor. The IBNR Reserve is established to cover all claims incurred in the current plan year but not processed until the following year. The 110% Corridor is to establish a fund to cover up to 10% of claims over and above what is determined to be a normal claim year for the BOE. It is currently estimated that the BOE will require between \$500-700K for the IBNR Reserve and between \$1.3-1.5M for the 110% Corridor Reserve (Total estimate approximately \$2M). More would be required if the BOE desires to increase the Corridor to 115% or more. The Finance Committee agreed to request Steve Rinaldi, our insurance consultant, to prepare a draft Memorandum of Understanding between the BOE and the Town to establish a health reserve for the sole use and control of the Board of Education. Mr. Rinaldi should send out the draft well before Monday, February 10, 2014 when there will be a special meeting of the Finance Committee for Steve to review the draft and answer any questions as it pertains to how other districts go about establishing a health reserve, including a discussion of options for replenishment once funds are paid out of the reserve.

Loretta requested Sean to identify any portion of the 2014-15 budget for health insurance that is intended for continued build-up of the reserve.

Sean O'Keefe reviewed the Food Lunch Financials as of December 31, 2014 and pointed out that both Food Sales and Intergovernmental revenue are up year-to-year which along with a YTY decrease in Cost of Food (last year food spoilage) are sufficient to offset the significant YTY increase in medical claims (plan is now self-funded vs last year when it was fully-funded). Loretta requested details of the

Intergovernmental revenue along with the primary drivers in the increase in Receivables.

Loretta also requested Sean to send out the “detailed” (by account) Financial Report as of December 31, 2013.

The Finance Committee discussed the 2013-14 changes (currently in effect) to the Budget Transfer Process which eliminates all budget transfers within a school or division. Each school or division budget “owner” will be responsible to ensure that any overrun in a particular account is fully offset by an underrun in another account and that the total budget is not overspent. Any transfer between schools or divisions will still require a budget transfer. For these transfers up to \$9,999, approval from the Business Administrator will be required. For any of these transfers of \$10,000 or more, these will continue to require approvals from the Business Administrator, Superintendent, BOE Finance Committee, and the Board of Education. Regarding these changes, Loretta Chory requested Sean O’Keefe to review this process against the current BOE Policy and to forward any required changes to the Policy Advisory Committee (PAC) for action to be submitted to the Board of Education.

Motion by Rosemary Seaman to adjourn the meeting at 9:24 am, seconded by Loretta Cory.