

Hamilton-Wenham Regional School District Committee

Meeting of December 6, 2012

Minutes

CALL TO ORDER: Roger Kuebel called the meeting to order at 7:01 p.m. at the Buker Elementary School cafeteria. The Committee and audience rose for the Pledge of Allegiance.

PRESENT: Sean Condon, Bill Dery, Kym Donnellan, Roger Kuebel (chair), Barbara Lawrence, Sheila MacDonald, Ann Minois, Larry Swartz

ALSO PRESENT: Dr. Michael Harvey, Superintendent; Assistant Superintendent Dr. Celeste Bowler; Assistant Superintendent Peter Gray

ABSENT: No one

CITIZENS' CONCERNS: None

SUPERINTENDENT'S REPORT: Dr. Harvey spoke briefly about holiday concerts, a book fair, and his recent meeting with the president of Gordon College. Dr. Bowler reported briefly on the high school history fair that was underway at the time of this meeting.

High School Principal Search
Dr. Harvey said a high school principal search committee is being assembled and might be announced at the next Committee meeting. Applications will be accepted through Dec. 17.

CHAIR'S REPORT: R. Kuebel thanked the community for allowing the Committee to hold several planning retreats this fall; the third one was on Nov. 29. He said minutes of these publicly posted official meetings would be presented for approval at a future meeting and that draft minutes are available for review in the meantime.

K. Donnellan raised the issue of advance circulation to Committee members of draft minutes, meeting agendas, and supporting materials, and asked for more timely action. Discussion followed.

CONSENT AGENDA:
Minutes of Nov. 15, 2012
The Committee deferred action on the minutes of Nov. 15, 2012 because members did not have the opportunity to review them prior to this meeting.

COMMITTEE REPORTS:
Policy
B. Lawrence detailed how this working group continues to review existing district policies and compare them to 5 other districts'. She and

Dr. Harvey said HWRSD has substantially fewer policies than the comparison districts and the working group intends to use some of those other districts' additional policies as models to propose new policies for HW. Dr. Harvey said he plans to tighten compliance with some existing HWRSD policies that are not currently followed rigorously, such as the policy on gifts to schools.

Legislative

A. Minois said Rep. Brad Hill informed this working group that the mid-year state budget cuts recently announced by the governor entail a 5% statewide cut in circuit breaker funding and a cut of about 2% in transportation funding; the specific cuts in this district's state funding were unknown at the time of this meeting. She reported that state legislators may introduce bills in January regarding expanding virtual schools, and intensifying background checks of school district personnel.

Communications

The Committee and Dr. Harvey discussed the ongoing update of the district website; he said a site designer is working on a new template and the site may be reworked within six weeks. Brief discussion followed about posting policies on the site for public review, and of possible reallocation of existing tech aide positions from the existing building-specific jobs to a new model that would assign district-wide network issues, hardware issues, and webmaster responsibility to different individuals.

Facilities

B. Dery provided the schedule of the remaining presentations by architectural firms this working group is interviewing regarding design work and management of upcoming projects. He said their approaches vary widely.

Negotiations

No report

Finance

No report; R. Kuebel noted that the bulk of this meeting would focus on finance.

Student Representative

Matt Chigas reported briefly on the high school History Fair, Spirit Week, and the student government's upcoming candy cane fund-raiser.

NEW BUSINESS:

School Choice Vote

LARRY SWARTZ MADE A MOTION THAT THE HW REGIONAL SCHOOL COMMITTEE VOTE NOT TO PARTICIPATE IN THE SCHOOL CHOICE PROGRAM FOR GRADES K-5 FOR THE 2013-2014 SCHOOL YEAR. KYM DONNELLAN SECONDED THE MOTION. THE MOTION PASSED UNANIMOUSLY (9-0-0).

LARRY SWARTZ MADE A MOTION THAT THE HW REGIONAL SCHOOL COMMITTEE VOTE NOT TO

PARTICIPATE IN THE SCHOOL CHOICE PROGRAM FOR GRADES 6-7-8 FOR THE 2013-2014 SCHOOL YEAR. KYM DONNELLAN SECONDED THE MOTION. THE MOTION PASSED UNANIMOUSLY (9-0-0).

LARRY SWARTZ MADE A MOTION THAT THE HW REGIONAL SCHOOL COMMITTEE VOTE TO PARTICIPATE IN THE SCHOOL CHOICE PROGRAM FOR GRADES 9-12 FOR THE 2013-2014 SCHOOL YEAR. KYM DONNELLAN SECONDED THE MOTION. THE MOTION PASSED 7-1-1. (B. Dery voted no; B. Lawrence abstained.)

Presentation of FY12 Actual
Financial Results

P. Gray gave a PowerPoint presentation comparing budgeted FY12 expenses and revenue to actual FY12 expenses and revenue. (The PowerPoint slides are appended to these minutes.) FY12 expenses were \$422,000 under budget. He provided details including these:

- The district spent \$382,000 less than had been budgeted for out-of-district special education because the need for such services was lower than expected.
- Maintenance spending was \$100,000 below budget because of a mild winter, and because some planned repairs were moved into bond issues.
- Increased enrollment in the employee insurance plan (which he attributed to employees' spouses losing their jobs and benefits), combined with the district's commitment to pay the first \$500 of each employee's medical deductible, pushed insurance spending \$79,000 over budget.
- Technology spending exceeded the budget by \$355,000 because district personnel discovered that software licenses were out of date; the district covered \$40,000 in unexpected expenses related to creation of wi fi systems for the middle school and high school, above the funds donated for this purpose by the EdFund; a new phone system and student information system were purchased; and the district paid from the general fund for some expenses he said the district inadvertently failed to have the Committee approve as capital purchases.
- The district's revenue exceeded the budgeted level by \$68,000, largely because the district received \$77,000 more in state aid in FY12 than anticipated.
- High balances in some revolving accounts as of the end of FY11 were transferred to the general fund and spent during FY12; balances at the end of FY13 are expected to be at appropriately low levels, except in the circuit breaker account in which the district intends to maintain a balance of about \$100,000 in case out-of-district special education placement needs arise unexpectedly.

In discussion that followed, Committee members asked how health insurance costs would be projected in the future, and what level of unanticipated expense would lead administrators to consult the Committee about spending above budgeted levels. Members noted that a policy is to be developed regarding the latter.

Presentation of Auditors

Jim Powers of Powers & Sullivan Certified Public Accountants, the district's auditors, summarized the results of the audit of the district's FY12 finances. (The three documents submitted by the firm are appended to these minutes.) The report included these points and recommendations:

- District staff follow accepted accounting procedures.
- Errors persist in payroll procedures, including failure to withhold insurance expenses from some employees' paychecks during the summer months (which is being corrected retroactively).
- The auditors agree with the district's target balance for the circuit breaker revolving fund.
- The district budget does not fund debt service on future retirement benefit liability; the auditors recommend it do so.
- The district complied with federal grant requirements.
- Some grants were returned unspent; the auditors recommend the district make sure all awarded grants are used.
- Staff procedures for reconciling cash are inadequate but use of existing software can resolve this.
- Segregation of duties has improved, following stipulation of this in a prior management letter.
- The auditors recommend the Committee create a policy and process regarding transfer of funds between line items, and Committee approval of such transfers above a stipulated dollar value.
- The auditors recommend the district create an inventory control system for fixed assets such as computers, laptops, and copy machines.

In response to B. Lawrence's request for advice about drafting fiscal policies, J. Powers agreed and noted this service is included in the firm's contract with the district.

Response to Management Letter

P. Gray made a PowerPoint presentation responding to the auditors' management letter. (The slides are appended to these minutes.) He spoke about steps taken to better employ software to reconcile cash; how administrators plan to simplify what he described as over-complicated employee withholding procedures; changes in computer user privileges to keep duties and access segregated; ledger maintenance procedures; and changes to computer user security procedures. He said administrators would include retirement debt service payments in the FY14 budget, and agree new policies and procedures should be created regarding matters including line item transfers, use of grants, and a fixed asset inventory system.

Presentation of FY13 Projection

P. Gray made a PowerPoint presentation about financial projections for the current fiscal year. (The slides are appended to these minutes.) His points included these:

- As of Nov. 30 the district has received 45% of anticipated revenues.

- The administration projects that by the end of FY13 the district will receive \$109,000 more than budgeted.
- The year-to-date revenue and expense figures resemble the previous year's.
- Spending in some areas is below what was budgeted on a monthly basis but the severity of the winter will influence total maintenance spending.
- The administration projects that barring unanticipated expenses, FY13 spending might be \$283,000 below budget.

B. Dery asked about funding options for replacement of the air handling system in Ferrini Dramatic Center, a project for which the Committee approved spending from the FY12 budget, but which did not move forward in Summer 2012 for logistical reasons. L. Swartz said FY13 funding would have to come from the E&D account or some other undetermined source.

Presentation of FY14 Preliminary Level Services Budget

Dr. Harvey made a PowerPoint presentation presenting a preliminary FY14 budget that would maintain FY13 staffing and programming. (The slides and related spreadsheets are appended to these minutes.) He said the budget replicates FY13 line items with updated costs; redundancies are eliminated, some line items are relocated to more appropriate accounts, and inactive accounts have been eliminated. Major points of his presentation included these:

- The proposed FY14 proposed budget of \$29,125,458.34 would be \$240,372.34 higher than the FY13 budget (a .83% increase).
- Because one-time funds from the Excess & Deficiency account and revolving accounts were used for the FY13 budget, FY14 revenue would need to increase more than the overall budget. The assessment to the Towns would need to rise \$2.3 million (a 10% increase overall, which would increase Hamilton's assessment by 11% and Wenham's by 10%).
- At present the district has 308 full-time equivalent (FTE) positions; the FY14 budget proposal projects 302.82 FTEs.
- The budget includes a 1% cost of living increase for employees, which would be offset by a 1% FY13 bonus that was not added to employees' base salary.
- Per the teachers' contract, a "master's 75" column has been added to the salary scale. 24 teachers will move into that column in FY14, at an additional cost to the district of \$2,300 per teacher.
- Per the auditors' recommendation, the proposed budget includes capital debt service expenses related to retirement costs. Dr. Harvey said he would later explain how this was calculated, and provide a handout with details.

The Committee is to deliberate on the budget in a number of meetings, beginning with a meeting Saturday morning Dec. 8. A public hearing on the budget proposal is scheduled for February 7, 2013. The Committee is scheduled to vote on it on Feb. 14.

Dr. Harvey said consideration continues of where to find efficiencies and whether to adjust staffing levels, in the context of obligations to deliver services and meet student needs. He said he would make sure the high school class schedule is constructed based on what students sign up for, not on existing staffing levels and past patterns of course enrollment.

Appointment of Building Committee to oversee debt exclusions projects

The Committee deferred appointment of a committee, because Dr. Harvey said he needs to confirm that the individuals he planned to recommend would satisfy state requirements regarding such committees.

Appropriate funds for Cutler roof

The Committee deferred a vote to appropriate funds for work on the Cutler Elementary School roof, because the Massachusetts School Building Authority (MSBA) cost estimate of \$677,000 exceeded the district estimate of \$575,000 and the district must document that it could pay the higher amount if necessary. The MSBA has agreed to reimburse the district for 43.4% of the cost. Dr. Harvey and Committee members agreed the MSBA estimate appears unrealistically high. The district has 90 days to document its ability to pay the higher amount, dating from Nov. 6 when communication about this was received from MSBA.

OLD BUSINESS

None.

ADJOURNMENT:

BILL DERY MADE A MOTION THAT THE HW REGIONAL SCHOOL COMMITTEE VOTE TO ADJOURN. KYM DONNELLAN SECONDED THE MOTION. THE MOTION PASSED 8-1-0. (B. Dery voted no.)

The meeting adjourned at 9:35 p.m.

DOCUMENTS AND EXHIBITS USED AT THIS MEETING:

Powers & Sullivan Report on Examination of Basic Financial Statements FY2012, dated Sept. 28, 2012 (53 pages)
Powers & Sullivan Reports on Federal Award Programs FY2012, dated Sept. 28, 2012 (9 pages)
Powers & Sullivan Management Letter dated Sept. 28, 2012 (12 pages)
PowerPoint presentation, FY2012 Budget versus Actual, dated Dec. 6, 2012 (7 slides)
PowerPoint presentation, FY2012 Management Letter Review, dated Dec. 6, 2012 (8 slides)
FY2012-2013 Operating Statement as of November 30, 2012 (2 pages)
PowerPoint presentation, Superintendent's Recommended FY14 Budget, dated Dec. 5, 2012 (10 pages)
Budget spreadsheets, HWRSD FY14 Budget, dated Dec. 5, 2012 (34 pages)

Respectfully submitted,
Ann Sierks Smith, School Committee recording secretary