

**Coventry Board of Education  
Coventry, CT  
Approved Minutes  
Fiscal Committee Special Meeting  
Monday, June 6, 2011  
Administration Building Conference Room**

Members Present: Mary Kortmann, Fiscal Committee Chair  
Jennifer Beausoleil, Fiscal Committee Member  
Mark Malcolm, Fiscal Committee Member

Also Present: Gregg Blackstone, Business Manager

The meeting was called to order at 6:31 p.m. by M. Kortmann.

**I. Approve Fiscal Minutes**

**MOTION: Approve Fiscal Minutes from May 12, 2011**

**By: M. Malcolm                      Seconded: J. Beausoleil**

M. Kortmann asked for the following changes: On page three, third paragraph, third sentence from the bottom, change the sentence after the comma to read, “we will address that.” On page three, fifth paragraph, change the dollar amount on the first sentence to, “\$6,800.”

M. Malcolm asked for the following changes: On page three, third paragraph, fourth sentence, change the end of the sentence to read, “because our lock-in rate is much lower than the current spot price rate.” On page four, fourth paragraph, fifth sentence, change the word “director” to “coordinator” and the word “complained” to “commented.”

J. Beausoleil asked for the following changes: On page three, fourth paragraph, fourth sentence from the bottom, change the end of the sentence to read, “for curriculum review for next year.” On page 4, fourth paragraph, first sentence, change the word “director” to “district.”

Dr. Bernard sent an e-mail before the meeting asking for the following changes. T. Lessard read the changes to the committee. Dr. Bernard wrote the title of Food Service Director is incorrect and should be changed to Food Service Coordinator throughout the minutes. Dr. Bernard asked for changes on page four, first paragraph under Food Services P&L and Cash Flow, from the fourth sentence to the end of the paragraph should read as follows: “G. Blackstone said because of new Federal requirements, the Food Service Coordinator will need to raise prices by a dime overall to stay in compliance. M. Kortmann stated the Coordinator will need to document why the increase is needed. Dr. Bernard stated she will ask for the item to be added as an agenda item on the next Board of Education meeting.”

M. Kortmann asked for a change on page four, first paragraph under Food Services P&L and Cash Flow, add the following to the end of the last sentence: “for the Food Service Coordinator to present the information and request approval.”

**Result: Motion to approve the minutes with corrections passed unanimously.**

## **II. Financial Reports for May**

G. Blackstone reported information on some follow up items from the previous Fiscal meeting. For the Educational Facilities Use fund, there was a balance of \$34,000.00. G. Blackstone stated he spoke with Dime Oil to make sure there were no problems in topping off the tanks. He stated we are all set and he just needs to coordinate the top off with P. Noel to ensure the delivery is split out to the correct tanks. M. Malcolm asked if the price was \$2.31 a gallon. G. Blackstone answered yes. G. Blackstone stated he followed up on the question if the State Health food grant amount included in the state earned line and found that it is.

### **A. Grant Report**

G. Blackstone stated he will have a detailed expenditure plan for all the grants shortly. He reviewed the 7101 grant and stated the Benefits line has money with no expenditure. He said that amount was a journalled amount and will increase the general fund surplus. M. Kortmann asked if the grant money needed to be spent by December. G. Blackstone answered yes. J. Beausoleil asked if we must spend the money on benefits. G. Blackstone answered there is a cut off on when you can make transfers but he doesn't know what the cut off is for this grant. G. Blackstone stated grant 7103 was similar with money in the benefits line.

G. Blackstone reviewed the Title I and Title II grants stating some of the numbers look unusual. He said he has a meeting scheduled to review the grants. G. Blackstone stated the grant money was made available late this year and not awarded until January. He said the spending does not line up the way he would like it to. For example, under Title I, the current year money is over by almost \$8600.00. He stated the bulk of the money is in the educational aids line and he does not have a carry over line for that. He stated last year there was a journal line entry to move that grant money. G. Blackstone said he needs to investigate this more before making any changes.

G. Blackstone reviewed grant 7191, Carl Perkins, stating he just received a check from EASTCONN that will zero out the negative in this grant. G. Blackstone said this year the money is not awarded directly to us. We need to spend the money first, and then be reimbursed.

G. Blackstone said his main concern is the Title I money. M. Kortmann noted the Title II Teachers Salaries is also a concern. She stated there must be a way to spend the \$8500.00 balance. M. Kortmann asked if we have until December to spend the money in grant 7105 and 7106. G. Blackstone answered yes, and he has that in writing. G. Blackstone stated the only grant he was asked to spend by the end of June is 7107.

### **B. Encumbrance and Management Reports**

G. Blackstone reviewed the changes from April to May on the Management report. He stated Certified Salaries went down from a negative \$62,000 to a negative \$45,000 due to the receipt of some additional tuition revenues and some teachers who have run out of leave time and are not returning. G. Blackstone stated the Non Certified Salaries went from \$6,000 to \$20,000. He said Athletic Salaries is showing a negative \$16,000 and there is \$8,000 available in contracted services that will offset a portion of the loss. He stated there was a compliance stipend that was paid and additional coaching expenses that were not budgeted for. M. Kortmann asked if the budget for next year took into account the expenses that caused

the shortage this year. G. Blackstone answered we budgeted the same this year as last year and we may have the same issue.

G. Blackstone said for Certified Temp he was at negative \$123,000 and it is now at negative \$90,000. He stated the next change was in Health Insurance which is now reading a negative \$48,000 because he took too much to offset the snow removal. G. Blackstone stated this number may be reduced but will not be zeroed out. He also stated some of the money in the grant account could also offset this negative. M. Malcolm stated this is why he argued during the previous Fiscal meeting to maintain critical spending. G. Blackstone agreed that we should be conservative in our spending because of last minute unexpected costs.

M. Kortmann noted that Unemployment changed and she doesn't understand why it is now a negative \$3,000. She stated they have not laid anyone off. J. Beausoleil suggested it may be due to a long term sub that may now be eligible for unemployment. G. Blackstone stated he will look into the reason why.

G. Blackstone stated Utilities changed by a small amount. G. Blackstone reviewed Instructional Supplies and stated some principals have been waiting to spend there, so he reduced his forecast by \$4,000. He said in Maintenance Supplies he had a negative \$3,000 last month that he is not expecting to be used, so he zeroed out the budget line item.

G. Blackstone noted Gasoline and Diesel changed due to a miscommunication. M. Kortmann asked if the Gasoline and Diesel was a locked-in rate. G. Blackstone answered he did not know. He stated they spent \$10,000 in a month for Gasoline and Diesel and he believes he was missing a month in the forecast. He said since June is not a full month, the negative balance in Gasoline and Diesel might be lower than forecast, but will not be zeroed out. M. Malcolm asked if the increased costs were for busses. M. Kortmann stated she does not believe there is enough in the estimated expenses for gasoline and diesel. She asked if G. Blackstone could increase the figure to \$4,000. G. Blackstone stated he could.

G. Blackstone stated Workbooks is the next line item that changed slightly down by \$2,000. G. Blackstone stated Other Supplies went from a negative \$1,400 to a negative \$5,300. M. Kortmann asked why \$2,000 was still in Special Ed Instr Equipment. G. Blackstone answered the piece of equipment was being leased and the lease payments were credited toward the purchase of the equipment.

G. Blackstone stated there were some laptops that needed to be purchased under Other Equipment. M. Kortmann asked if the laptops were included in his estimate to year end. G. Blackstone answered yes. M. Malcolm asked for clarification on the laptops. G. Blackstone stated the laptops were five or six years old and were used by Principals and Assistant Principals. M. Malcolm asked why the purchase was taking place now. G. Blackstone stated it was a need. M. Malcolm stated he is seeing more fluctuations than he expected. He said it feels as though non essential items are being purchased even though the budget is running thin. He believes the laptops are essential in the big picture, but they are not needed for this fiscal year. M. Malcolm stated that critical spending was discussed last meeting and he expected it to be in place until we see where we are in June. He said it feels as though we have not maintained critical spending. G. Blackstone stated it is true for the laptop purchase but not true throughout the district. M. Malcolm stated that the PC's would not be purchased and installed by the end of the school year.

M. Malcolm asked about the Dues and Fees change. G. Blackstone stated the change was due to spending between last month and this month and it was re-forecasted. M. Malcolm asked why the spending occurred in May. G. Blackstone stated he could send the committee a list of the items that were spent. M.

Kortmann stated these items are quarterly or annual and not monthly so they may come up at the end of the year.

M. Malcolm asked G. Blackstone to confirm the excess cost surplus grew by \$10,000. G. Blackstone answered yes and that is a final figure. M. Malcolm stated he is uncomfortable with any non-critical spending because the number of unexpected fluctuations may reduce or eliminate the \$79,000 current budget surplus. He stated we know this is the best information available, but because there are so many variables, we are seeing the numbers fluctuate. M. Malcolm stated that last year they created open purchase orders and did not spend the remaining budget money until they were sure the money was available. He said if we can wait thirty days to purchase the laptops, we will be better off. M. Kortmann asked when M. Malcolm would be comfortable because they have to start to spend some of budget surplus.

G. Blackstone stated he included the top off of the tanks and he was not trying to bury anything. M. Malcolm agreed that nothing was being buried. M. Kortmann asked how many laptops are being requested. G. Blackstone answered six.

G. Blackstone handed out a report on End of Year Spending Possible Expenditure Items. He reviewed the list with the committee. M. Kortmann stated the staff laptops should be included on this list and asked how much the laptops were. G. Blackstone answered \$4,500.00. G. Blackstone handed out a list of priority items from the Food Service department. M. Malcolm stated he would like to review the list in tandem with the most up to date Food Services P&L. M. Kortmann stated she didn't see any items related to the engineering fixes to the buildings. G. Blackstone stated we are not going to spend that money this year but it will be next year's budget.

### **C. Food Services P&L and Cash Flow**

G. Blackstone handed out the Food Services Statement of Cash Flows for FY 2010-2011. G. Blackstone stated Food Services had a good month. The committee discussed the request to replace the walk in freezer and whether this should be a Board of Education or Food Services expense. M. Malcolm asked what the profit was last year. G. Blackstone stated he didn't have an exact figure, but he remembers it was positive. M. Kortmann stated that Food Services cannot go negative for the year so there was a cushion of profit from the previous year that cannot be spent. She also stated that the profit for this year could probably be spent because they do not anticipate running negative next year. M. Kortmann stated that some of the profit may be used to cover some expenses that the Board is currently paying for like pensions. M. Malcolm stated he wanted to review the Food Services P&L Statement to see if the Food Services Department could cover some of their own priority purchase items. M. Kortmann stated she does not think Food Service is making enough profit to cover both the pensions and equipment purchases.

M. Malcolm stated he doesn't think Food Services will have a good June because it is not a full school month but they will still need to pay wages and benefits for the month. J. Beausoleil stated she is not comfortable in taking any of the Food Service estimated profits to cover equipment expenditures because lunch prices are increasing and typically food service price increases result in a decline of profits for the first quarter they are implemented. J. Beausoleil stated she does see the benefit of reducing energy costs in replacing the forty year old freezer. J. Beausoleil stated she would prefer replacing the freezer rather than purchasing iPads. She stated she would also hold off on the Smartboards until next year to see where the instructional needs are. M. Malcolm agreed but stated he does not think that is justification to purchase the freezer. M. Kortmann explained that Food Services had profits from the prior year that they

use as a cushion. M. Malcolm stated Food Services could use the profit from this year and some of the cushion from last year to purchase the freezer.

#### **D. End of Year Spending Priority List – Discussion**

The committee went back to reviewing the End of Year Spending Priority list. The committee did not have any information on what the Library Research Materials included. G. Blackstone stated he did not have the specific detail on the Library Research Materials and will need to get this information from Dr. Bernard.

The committee wants to add the Staff computers and laptops from the Other Equipment budget line item to the list of priorities. M. Kortmann mentioned there may be other spending items that are not on this priority list.

M. Malcolm asked what the iPads were going to be used for. G. Blackstone answered the iPads support the development of literacy skills in high school reading support classes and other English courses. M. Malcolm stated the iPads can download apps that will reinforce literacy. J. Beausoleil stated these apps are also available on PC's and cost less.

The committee discussed the End of Year Spending report and determined a priority list based on the information they had available. First priority would be Staff computers/laptops. Second priority would be Smartboards for CGS. Third priority would be Rolling Computer Lab at CNH. The committee did not have enough information on the Library Research Materials to include it in the priority. The committee felt that the Food Services Equipment should be purchased by Food Services and/or the cost split with the Board of Education once the June final profit is known. The iPad technology is evolving too rapidly to make this purchase valid, and the applications can be downloaded to PC's for less cost. The committee would like to set the Energy Audit as its first priority, but since it must go out to bid, they determined it would probably not make it into this year's budget.

The committee needs information on items that are being deferred pending budget availability which may affect the priorities. The Classroom furniture for GHR and the iPads for CHS would be last on the priority list.

M. Kortmann stated the next Board of Education meeting where a decision on spending will need to be approved will not occur until June 30<sup>th</sup> which will not allow enough time for any pending items to be purchased.

J. Beausoleil asked if anyone knew when the hole in the Coventry High School parking lot will be patched. M. Kortmann asked if the roofing stage area could be over the hole in the parking lot. If this can be done, the state may reimburse the town for repair of the hole. J. Beausoleil asked if the committee could receive an estimate for the repair of the hole. She stated the repair may be a town expense. G. Blackstone answered he could get the estimate and find out if the repair could be done through the state or town. J. Beausoleil also asked for an estimate to repair the small gym floor at CHS. M. Malcolm stated that these repairs would probably not be done with this year's budget because of the amount of time needed for bids.

### **III. Health Insurance Carrier Conversion - Discussion**

G. Blackstone stated he did not have anything to distribute, but he wanted to review where we are in the process. G. Blackstone said the savings calculation in changing to Cigna would be about \$500,000 net against next years budget. G. Blackstone stated AFSCME may file a delay report with the labor board to protect his members who have language in their contracts that is sufficient to forestall the change in insurance carriers. Not all of the bargaining units have this language in their contracts. M. Malcolm asked if the change could be made with the teachers and not these other bargaining units. G. Blackstone answered it could be possible.

J. Beausoleil asked for the estimated savings with the Blue Cross counter bid. M. Malcolm answered the savings from Blue Cross would be \$380,000. He said the savings moving to Cigna would be \$577,000 and the variance would be approximately \$200,000. G. Blackstone agreed.

The Committee discussed staff concerns and possible bargaining unit concerns surrounding the change in carriers.

G. Blackstone stated that coverage changes, according to contract, need to be equal to or better than the current coverage. He stated a disruption analysis was completed and the findings were that 99.9% of institution networks and 92% of physicians match between Blue Cross and Cigna. The area of disruption is chiropractors, durable medical supplies, and physical therapy. G. Blackstone said Cigna is committed to make every effort over the year to get any non Cigna physician requested on to their network. He stated there are forms available at the informational meetings to add physicians not already on Cigna's network.

The Committee continued to discuss the concerns and issues surrounding insurance carrier changes and what obstacles might be faced.

J. Beausoleil suggested the providers are not on the Cigna network for a reason and we cannot be overly optimistic that every physician requested will be added to Cigna's network.

J. Beausoleil voiced a concern that the good faith expense with the bargaining units may cost us more at the bargaining table later on. M. Kortmann voiced her concern that the world of healthcare is changing rapidly and we as administrators should be able to make carrier or plan changes as long as the language of the bargaining unit contract is honored. G. Blackstone stated that Cigna has guaranteed in writing that the coverage will be equal to or better than the current coverage from Blue Cross.

J. Beausoleil asked what other communications can be sent to the bargaining units to assist with the change. G. Blackstone answered that the bargaining units were provided all the information through the union heads. J. Beausoleil asked what the deadline is for the district to decide. G. Blackstone answered June 14<sup>th</sup>. M. Kortmann asked if we can go ahead with the change of carriers. G. Blackstone answered he is reviewing this with the attorney. J. Beausoleil stated we may want to add an agenda item to the Board of Education meeting to discuss the health insurance change so board members have the same information that was discussed here. M. Malcolm agreed it should be discussed with the Board of Education during the Report of Board Members.

### **IV. Administrator Negotiation/Joint Fiscal Meeting**

G. Blackstone stated we need to begin negotiations with the certified group and the town needs to select a council member to sit in on the negotiations. J. Beausoleil and M. Kortmann stated they thought only

teachers were included. G. Blackstone said this was according to the Board of Education attorney. G. Blackstone stated he has asked for an agenda item to be placed on next Monday's finance meeting. He said it should be a five minute conversation on the fact that we have a requirement to officially designate a council member to participate. He stated that he and Dr. Bernard will be attending the meeting.

#### **V. Education Facilities Use Fund – Discussion**

G. Blackstone handed out an Educational Facilities Use Fund of Possible Expenditure report. The committee reviewed the document and agreed that it was not what was expected. J. Beausoleil and M. Kortmann stated they were looking for equipment and athletic supplies that the community would use such as microphones, backboards, scoreboards, and stage lights. The committee asked G. Blackstone to work with P. Noel on a different list. G. Blackstone stated he will work with P. Noel to create a revised list.

#### **VI. CIRMA Claims**

G. Blackstone stated we still have pending CIRMA claims that could add a potential surplus to the budget. He stated he will speak with the CIRMA claims adjuster tomorrow and get an update on where we stand. J. Beausoleil asked which fiscal year the CIRMA moneys need to be spent. G. Blackstone answered this fiscal year. He stated that we may receive a check this month. M. Kortmann stated this is why the spending list should include more items than we currently have money for in the budget.

J. Beausoleil asked if we need to schedule another Fiscal meeting this month. The committee agreed this would be a good idea and discussed possible dates for the added meeting. They came to a consensus to add a meeting on Monday 6/27/2011 at 7:00 p.m.

#### **VII. Adjournment**

**MOTION: To adjourn at 9:40 p.m.**

**By: M. Malcolm                      Seconded: J. Beausoleil**

**Result: Motion passes unanimously.**

Respectfully submitted,

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Terri Lessard, Subcommittee Clerk

Approved: June 27, 2011