

The Regional School District 13 Board of Education Educational Resources Committee met on Wednesday, December 13, 2017 at 5:30 PM in the Library at Coginchaug Regional High School, 135 Pickett Lane, Durham, Connecticut.

Committee members present: Mr. Augur, Mrs. Boyle, Mr. Moore and Mr. Yamartino.

Other board members present: Dr. Taylor

Committee members absent: Mrs. Geraci

Administration present: Dr. Veronesi, Superintendent of Schools and Mrs. Neubig, Business Manager.

Pledge of Allegiance

The Pledge of Allegiance was recited.

Public Comment

Carl Stoop did not see why the Board would have the Fieldhouse on the agenda when clearly there was no support for this project when the public voted last spring.

Jack Cross of Durham spoke in favor of continuing to pursue the field house project.

Approval of Agenda

On a motion made by Mr. Augur and seconded by Mr. Moore, item 6 was moved to item 5 and the agenda was approved unanimously.

Approval of Minutes

On a motion made by Mr. Augur and seconded by Mrs. Boyle, the minutes of October 11, 2017 were approved.

Blum Shapiro – 2016-2017 Audit Report

Mrs. Neubig introduced representatives from Blum Shapiro to discuss the audit report. They began by reviewing that Blum Shapiro has issued an unmodified or clean opinion on the financial statements which is the highest form of opinion that you can receive. Everything in the financial statements is stated correctly in accordance with accounting standards. They did explain that this is the only area of the financial statements that Blum Shapiro is responsible for. Management is responsible for the financial statement and internal controls over detecting any errors and fraud.

The Management Discussion and Analysis (MD&A) is on pages 4 through 9. There are three bases of accounting in the financial statements: full accrual, modified accrual and budgetary. The fund financial statements are also included and they reviewed that the governmental funds have a total of just over \$2 million which decreased by \$1.3 million from the prior year. The general fund's fund balance decreased \$675,000, capital reserve decreased \$610,000, cafeteria decreased \$30,000 and the other funds decreased \$40,000.

Looking at the budgetary statement on pages 44-46, they explained that the final budget for revenue was \$36.705 million, with the actual results of \$35.491 million or \$1.2 million under budget. On the expenditure side, the final budget was \$36.705 million and expenditures came in \$538,000 under budget.

Regarding the fiduciary funds, the Pension Trust fund had a net position at June 30th of \$8.161 million, with a positive result of \$643,700. The Student Activity fund ended the year at \$341,000 and the Middlesex Consortium ended at \$99,000.

Mr. Augur asked about the decrease in the cafeteria fund and Mrs. Neubig explained that the expenditures are exceeding the revenue because of increased mandates and lower lunch counts, which is not unique to RSD13. Mrs. Neubig also reminded the Board that they voted to increase lunch prices for this year and they are monitoring the fund.

No new accounting standards were adopted this year, but next year the District will have to adopt GASB statement 75 which has to do with other post-employment benefits and they explained how that would affect the District.

The District receives federal and state grants but did not meet the standards of having to do a federal single audit, however a state single audit was necessary. The School Security Infrastructure grant of \$64,042 was tested and an unmodified clean opinion was issued on the compliance over that program and on the controls over that program.

The management letter included three recommendations to further improve the controls at the District. It was found that, on certain occasions, purchases were made before purchase orders were approved. Mrs. Neubig explained that the purchasing procedure requires a requisition for a purchase order that includes a quote to secure the funds. Mrs. Neubig plans to re-distribute the policies to the department heads and secretaries and clarify how the process works. After that is completed, after-the-fact purchase orders will then be denied by the business office.

The next comment in the management letter was in regard to journal entries and Mrs. Neubig explained that they were pretty much one-time things that were out of the ordinary. Any future items of such nature will be handled proactively.

The final comment was regarding the accounting software that the district has had for many years and some components are no longer being supported. Blum Shapiro recommends an upgrade. It was also noted that the software is not very secure. Mrs. Neubig is investigating other software packages. Blum Shapiro did note that there are internal controls in place to prevent any unauthorized changes from being made. Mr. Yamartino mentioned that Middlefield is moving to a new accounting software package and suggested Mrs. Neubig contact Al Rusilowicz.

Athletic Field House Proposal Review

Nick Faiella reviewed that the last referendum indicated that the townspeople were not interested in spending \$600,000 to \$800,000 on completing the field house, but he did not think it meant they did not want try to solve the problem which still exists. He suggested building a building which is not as grandiose as the original plans. One of the ways to halt the deterioration under the slab is to build a structure on top of it.

Mr. Faiella suggested building a structure similar to what was built at the Durham Fair for a tenth of the cost (approximately \$75,000). This could then be used for storage until bathrooms could be installed. He had a proposal from QVC Builders (who built the buildings at the Durham Fair) which would cover the entire slab and be constructed in 90 days. Mr. Faiella did send the proposal, along with pictures, to the Board members.

Mr. Moore asked if there were any thoughts for fundraising for this project. Mr. Faiella stated that they had not thought about that yet, but there may be possible advertising opportunities at athletic events. He also suggested naming rights for the building if somebody were to donate a significant amount of money.

John Cross, from Durham, stated that they are looking to complete this project and know that there is huge support within the school. He stated that they are willing to be involved and assist in any fashion.

Mr. Moore stated that the committee had not planned on any action on this item for tonight, but will accept the report.

DBS Energy Presentation

Mrs. Neubig introduced representatives from DBS Energy who had presented a proposal to Rob Francis, Jim Croteau and Mrs. Neubig regarding lighting upgrades at Strong and Coginchaug as well as a potential solar array at Brewster utilizing incentives from the State of Connecticut.

The project involves three parts: LED lighting at Coginchaug and Strong (both interior and exterior) and would result in about a 50 percent reduction with the same light level, if not better; transformer upgrades at both schools would also be done, resulting in substantial energy savings; and a solar PV at Brewster School. Conservation funds from the state have been drastically cut, but DBS Energy had secured funding of about \$169,000.

DBS Energy had done the two solar PVs at Lyman and Memorial and continues to monitor them every day. They have also been involved in a fairly substantial amount of lighting conversions at the schools over the last six or seven years. They reviewed that the lighting at Coginchaug and Strong is fluorescent lamps and each lamp draws about 32 watts, with most fixtures having three lamps. They have proposed upgrading all of the ballasts and the lamps to LED which draw roughly 13 watts.

The transformers are early generation and most are over 20 years old and they propose to go to all new, very highly-efficient PowerSmith transformers.

At Brewster School, they propose a power purchase agreement similar to Lyman and Memorial where the rate is roughly 35 to 37 percent lower than what the utility's grid rates are. The system is identical in design to the other Garland metal roofing systems that are on Lyman and Memorial.

They have proposed a combination of grants and financing that the utility offers which includes 0 percent financing. The proposed project payback would be roughly four-and-a-half years, but the financing period would be a little longer so as to generate immediate reductions in operating costs.

Mrs. Boyle asked if the solar at Brewster School could be broken out of the project as she felt that the townspeople were not interested in paying for that. It was explained that there would still be a positive cash flow without that, but it would not be as great. It was also explained that there would be no cash outlay with this proposal.

Mr. Yamartino would also like to see each part of the project broken out. He would also like to see the lease example vs. purchase as well. DBS Energy agreed to do that as a follow up. Mrs. Boyle also asked about the type of lighting and it was explained that most schools do cool white, which is 4,000, but warm white would be 3,000 to 3,500. There was continued discussion about voltage and ballasts. Timing is of the essence with this project for the funding.

Infrastructure and Capital Planning

Mr. Moore reminded everyone that they had decided to separate capital needs into infrastructure vs. changes in the schools.

Mrs. Neubig thanked Mr. Francis and Mr. Croteau for their help in preparing the capital plan. They used a lot of the suggestions from Silver Petrucelli, but also reviewed what the District's priorities are. She reviewed the packet, which includes the district-wide capital needs that have been funded on the first page. Each school has a separate page and major projects have been put together as potential bonding projects.

Mr. Yamartino asked if the costs were noted in today's dollars or in the dollars of the year it is slated to be done. Mrs. Neubig stated that they tried to account for future amounts, based on information from vendors.

The red items on the potential bonding projects page are critical systems. Mrs. Neubig did include the DBS Energy proposal under Other Financing. The total cost from 2018-2019 out to 2022-2023 is \$14,419,210, including Lyman. The total is \$10,385,720, excluding Lyman. She mentioned that there are a lot of critical systems due to be replaced in 2019-2020 at John Lyman and Memorial.

Mr. Moore commented that the first three items on the bonding page (road and water main systems) should all be in a single package. He also mentioned that some of the other items could be done as part of renovations to the schools.

Dr. Veronesi explained that the purpose of this is to allow the Board to take the time to review it and have an ERC meeting in January to review the plan in detail. She encouraged everyone to reach out to Mrs. Neubig with any questions or suggestions.

Korn School Building Status Update

Mr. Moore reported that the Town of Durham voted to accept the proposed MOU and the full Board will go over the details in Executive Session later tonight. There will be a separate agreement with Middlefield.

Mr. Moore also reported that the Board of Selectmen from both towns and the Middlefield Board of Finance have voted to follow section 156 in the state budget which would require or allow the Board to change the name of the ERC to a Board of Finance or Finance Committee and the towns would appoint two members from each community. Dr. Veronesi stated that Mr. Hicks had requested that this topic be discussed during the full Board meeting under Communications and, prior to any action being taken, all communications be shared with the full Board. Mrs. Boyle suggested that the agenda be amended to have it be a separate line item.

Mrs. Neubig reminded the members that they needed to vote to send the audit on to the full Board.

Mrs. Boyle made a motion, seconded by Mr. Augur, to send the 2016-2017 Fiscal Year-End Audit Report on to the full Board for approval.

Mr. Yamartino asked how the process works and Mrs. Neubig explained that the ERC normally reviews the audit and then sends it to the full Board for approval. Mr. Yamartino stated that he has not had an opportunity to go through it and missed the discussion about it tonight, so he will abstain.

In favor of sending the 2016-2017 Fiscal Year-End Audit Report to the full Board: Mr. Augur, Mrs. Boyle, Mr. Moore and Dr. Taylor. Mr. Yamartino abstained. Motion passed unanimously.

Public Comment

Carl Stoup stated that the voters had voted just months ago to not build a field house and he did not believe it should be put into the budget.

Nick Faiella commented that the referendum had specifically asked if the voters wanted to spend \$800,000 to build a field house and it was a yes or no vote. He did not feel that the townspeople voted not to have a field house; they just voted not to spend \$800,000 for a field house.

Adjournment

Mr. Yamartino made a motion, seconded by Mrs. Boyle, to adjourn the meeting.

In favor of adjourning the meeting: Mr. Augur, Mrs. Boyle, Mr. Moore, Dr. Taylor and Mr. Yamartino. Motion passed unanimously.

The meeting was adjourned at 6:45 PM.

Respectfully submitted,

Debi Waz

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