

Kirtland School Board

Finance Committee Meeting Minutes—March 13, 2012

Chairman Tom Meyer called the meeting to order at 8:05 am. Present were Mr. Meyer, Mr. Cosgrove, Mrs. Torok, Mr. Barrett (who acted as Secretary of the meeting) and Mr. Vasek.

Interim Treasurer Report

Mr. Vasek reported that things are going well; the staff is very good at trouble-shooting issues. 5-year forecast will be difficult the first time around but we should be all right. Budgeting- looking forward will be an important thing to institute. Creating a capital plan will be important –has already been discussed with Don Davidson and Mr. Barrett.

Audit Report from State (dated March 9, 2012)—not yet final

- Cited for not producing GAAP reports (same as prior years); \$25,000 cost to do GAAP reports which is far in excess of nominal fine for not doing them.
 - GAAP reports give districts more detail on future encumbrances and liabilities (as compared to cash-basis statements currently prepared). Discussed whether we could prepare information on a pro forma basis that captures detail without incurring cost of GAAP statements.

February Financials

- Wages and salaries are 2.3% higher year to date
 - Good deal of it are one time payments shown in handout, General Fund Wage Analysis (GFWA) dated 3/11/12
 - Upon elimination of one time payments we are running .53% higher than prior year
 - Spending \$175,252 over the salary forecast, but if we take out transportation director and treasurer costs for the rest of the year, it will be less, closer to \$150,000
 - Discussion about ability to forecast salaries more precisely; Mr. Vasek said that he likes to be closer to projections than 2.26%
 - Need to keep an eye on real estate tax collections and purchased services moving forward from February through the rest of the year

Baseline Forecast

- Mr. Vasek passed out two documents: (1) the May 18, 2011 forecast; and (2) a baseline revision dated 3/12/12 which assumes no cost cuts, no new levy and a continuation of current teacher contract economics.
- Discussed these documents and how to use them in educating community, assessing levy needs and explaining financial situation to teachers and other employees.

- Mr. Vasek explained the adjusted employee benefit figures up a little over \$800,000 over 4 years primarily due to an estimated 10% annual increase in health care costs.
- Mr. Vasek also explained his rationale for purchased services forecast
 - By making adjustments in the 10 % assumption of purchased services over 4 years we reduce the forecasted amount by close to \$700,000
- Adjustment needed to the termination benefit fund, which Mr. Vasek believes is underfunded by about \$190,000
- New baseline forecast becomes the “basis of our story” per Mr. Meyer

Cost Control

- Talked about possible RIF scenarios in terms of numbers (no specific names)
- Principals will lead discussion on cost reductions with building staff
- Mr. Barrett will lead cost cutting discussion with OAPSE staff
- In establishing parameters for negotiations we will consider different formula for supplemental costs
- Discussed rank order of supplemental positions at high school and middle school
- Shared services were discussed
 - Mr. Vasek discussed sharing operations, even software with other districts
 - There are state grants available for shared services
 - Shared services might be good thing to have the Financial Task Force to look at

Preparation for Teacher Negotiations

- Analysis of baseline in executive session on 3/19/12

Levy

- Discussed auditor certification process and timing
- Could look at resolution/ filing for levy at our April 15th meeting?
- We should ask auditor about renewal millage
- Cost of August special election will be \$10,000 -\$12,000
- We need to discuss potential new millage at our next meeting

Meeting was adjourned at 10:12 am