

**Kirtland Board of Education
Finance Committee Meeting Minutes
February 20, 2012**

Meeting was called to order at 4:35p.m.

Present in person were: Tim Cosgrove, Kat Torok, Steve Barrett and Steve Vasek. Tom Meyer participated telephonically. Mr. Cosgrove served as chairman of the meeting and Mr. Barrett served as secretary.

It was moved by Mrs. Torok and seconded by Mr. Cosgrove to approve the minutes of the meeting held on January 30, 2012.

Roll Call: Ayes: Mr. Cosgrove, Mrs. Torok

Treasurer Report

- **Staff**

Hard working group, very professional

Reconciliation of accounts is done by Sandy Martz.

Steve is learning state software system; Sandy M. is helping him

- **Financial Summary**

Steve distributed regular January 2012 report

Collections down=- 4.5%

- Lost money from the personal property tax phase out (only getting \$85,000 this year)

- **Food Service**

--spend about \$250,000 per year

--Steve will look at the 5 year history of costs, how much the district loses, how we manage it

-- business advisory committee will also review

- **Discussed Steve Vasek's new General Fund Summary Sheet**

- Even with the cuts made, only saved 0.3% YTD
- General consensus regarding acceptability of new report format

- Taxes in 2011 have 2.7% delinquency; other districts such as Euclid it is much higher, 10% or more
- Wages and salaries: break down requested between OAPSE and teachers

Deficit Spending:

- Discussion whether it was typical to still be deficit spending right after you pass a school levy (which is what the current 5 year forecast shows). According to Mr. Vasek, in the typical levy life cycle, you build a surplus in the early years after a levy I passed, but ultimately cross over into deficit spending, which is when you need to consider cuts or another new levy.

Consensus of the Committee that:

- We can't keep kicking the can down the road and deal with more years of deficit spending, ad infinitum
- The only control we have other than passing a levy is to control our expenditures.
- We must gather as much data as we can to determine how deeply we can cut expenditures (including cost savings from out sourcing non-academic functions)

Mr. Cosgrove: it is as much a spending problem as it is a revenue problem with three pieces to the solution: (1) new teacher contract, (2) cut costs, (3) new revenue from levy passage.

Mr. Meyer suggested preparing a new baseline forecast and make sure our assumptions will be credible in contract negotiations and in a levy campaign.

- Is a 7% annual increase in employee benefits really what will happen? 10% annual increase in "purchased services"?

Appointment of Committees:

Business Operations Task Force. The committee agreed to show them new baseline forecast, together with historical expenditures, and ask them analyze it. Start with food service, then move to transportation and maintenance. The goal is to have this committee identify cost saving measures. The district annually spends \$1.5 million on maintenance, \$1.5 million on transportation and \$250,000 on food service.

"Pay to Participate" Committee was agreed on also.

Levy

- The Board needs to decide:
 - millage
 - timing
 - whether to combine with renewal levy

The meeting was adjourned at 6:08 p.m. upon motion from Mrs. Torok.