

Rochester Board of Education
Finance Committee
June 18, 2015

Attendance: Commissioner Cruz (Chair); Commissioners Evans and Powell.

District Staff: Everton Sewell, Budget Director

Board Staff: Debra Flanagan.

Commissioner Cruz convened the meeting at 6:06PM.

I. Follow-Up Discussion of May 2015 Financial Report

Commissioner Cruz noted that a number of questions arose in the June 11th Finance Committee meeting regarding the May 2015 Financial Report that required further investigation. Everton Sewell provided copies of the Financial Report with additional information in response to the questions that were raised in the previous Committee meeting.

Mr. Sewell explained that expenditures for Non-Instructional Computer Hardware were \$293K above the budgeted amount, but internal controls in the PeopleSoft system apply limits on expenditures at the Parent account level and not on each line item. He stated that this will require a corresponding reduction in expenditures of \$293K in other line items to offset the additional computer hardware costs.

Commissioner Powell questioned the ability to generate a requisition that was substantially greater than the amount in the amended budget for computer hardware (i.e. four times greater than budgeted). Mr. Sewell reported that two purchase requisitions have been held by the Chief Financial Officer, until the department submits a request to move funds from other line items to cover the excess costs for computer hardware. He added that the Chief Financial Officer reviews all requisitions to prevent excess spending above the budgeted amount.

Ms. Flanagan inquired whether all requisitions are reviewed by the Chief Financial Officer, or only those above a specified dollar threshold. Mr. Sewell replied that every requisition is reviewed by the Chief Financial Officer.

Mr. Sewell clarified the negative expenditures for Judgments and Claims, pointing out that the District paid less than anticipated in settlements on several large claims and the estimated cost savings amounts to approximately \$275K.

Ms. Flanagan asked whether cost savings from Judgments and Claims could be used for other purposes in the next fiscal year. Mr. Sewell replied that any surplus funds available for Judgments and Claims are typically rolled over into the next fiscal year, but further examination is needed to determine the amount that should be accrued for this purpose. He stated that the Law Department typically reviews outstanding judgments and claims at the end of the fiscal year to recommend the amount of the accrual needed to cover these claims.

Commissioner Powell noted that surplus funds should be rolled over into the next fiscal year in case the District has to cover a large claim in the future.

Mr. Sewell also discussed the negative expenditure for the Interfund Expense Pre-School Special Education Subsidy, pointing out that this line item is to cover the administrative cost for the Committee on Preschool Special Education. He explained that Monroe County reimburses the District each year for some of these costs (~\$500K), but the budget was reduced last year (2013-14). Mr. Sewell stated that the significant year-over-year variance is due to the amount of the expenditures taken as a proportion of a much smaller base budget in 2013-14 (-57.3%) as compared to 2014-15 (-223.8%).

Committee members thanked Mr. Sewell for providing additional detail in explaining these items in the May 2015 Financial Report.

Motion by Commissioner Evans to approve May 2015 Financial Report. Seconded by Commissioner Powell. **Adopted 3-0.**

Meeting adjourned at 6:21PM.