

Rochester Board of Education
Finance Committee
July 19, 2012

Attendance: Commissioner Powell (Chair); Commissioners Cruz and White. Parent Representative: Giancarlo Giannini. District Staff: Gary Smith, Purchasing Officer; Vern Connors, Chief Financial Officer; Cheryl Wheeler, Director of Title I Assistance. Board Staff: Debra Flanagan

Commissioner Powell convened the meeting at 5:37PM.

I. Question & Answer Session

Vern Connors announced that he has four items to report to the members of the Finance Committee: 1) follow-up on an Action Item from the last Committee meeting; 2) repair of Wilson Commencement Academy from fire damage; 3) refund of outstanding debt; 4) collaboration with the City on capital improvement projects.

Mr. Connors recalled a question raised in last month's Finance Committee meeting about the reason for computer hardware expenditures exceeding 100% of the budgeted amount. He explained that 95% of these expenditures were paid out of the General Fund, and exceeded the budgeted amount because schools transferred funds from other line items to purchase computer hardware.

Commissioner Powell asked whether these expenses would be reimbursable under the E-rate program. Mr. Connors replied that E-rate items typically involve systems infrastructure, and would not include computer hardware.

Mr. Connors reported that the District just received a bill of \$288K for repair services due to the fire at Wilson Commencement Academy, most of which is for asbestos abatement. He stated that the District has a \$500K insurance deductible, so all of these costs will have to be absorbed. Mr. Connors indicated that he hopes to tie these costs into the project to renovate Wilson Commencement Academy, which would allow the use of NYS Building Aid for reimbursement. Due to the emergency nature of the repairs, prior approval could not be obtained from the NYS Education Department, but they are reviewing the application now.

Parent Representative Giancarlo Giannini inquired whether funds would have to be taken from another project in the Capital Improvement Plan to cover the repair costs at Wilson Commencement Academy. Mr. Connors confirmed that funds will have to be taken from another project to cover these costs.

Mr. Connors discussed changes in NYS Education Department rules regarding the Building Aid formula. He noted that Aid payments coincided with the debt schedule until 2001, which allowed the District to use the Aid to support upcoming capital projects. Mr. Connors reported that NYS Building Aid became the fastest growing component of NYS Aid, so the State changed the rules to provide Building Aid over the expected life of the project. He stated that the NYS

Dormitory Authority has examined the interest rate differential resulting from these rule changes to determine if an adjustment is necessary. While RCSD is not required to refund outstanding debt, Mr. Connors reported that the District would save approximately \$2.3M in interest costs from doing so. The reduced interest costs would be reflected in reduced Building Aid. He stated that the District will go to market in October either through the NYS Dormitory Authority or on its own.

Mr. Connors referred to a recent analysis showing an increase in the local share for the FMP in 2018-19 due to the fact that the debt repayment schedule and receipt of NYS Building Aid are not perfectly aligned. He stated that with refunding debt through the NYS Dormitory Authority, the District would also look at changing the debt service schedule to reduce the impact of the increased local share due in 2018-19.

Mr. Connors described efforts between the District and the City to exchange information regarding their capital planning processes to improve understanding and coordination of projects.

II. Review and Approve Minutes of June 14, 2012 Finance Committee Meeting

Motion by Commissioner White to approve the minutes of the June 14, 2012 Finance Committee meeting. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

III. Review and Approve Unaudited June 2012 Financial Report

Mr. Giannini recalled a previous discussion in which the PeopleSoft system was claimed to have stopgap measures to prevent expenditures from exceeding the budgeted amount, but stated that the Financial Report clearly shows that some expenditures have exceeded this amount. Mr. Connors clarified that this is a timing issue because grant revenue and expenditures have not been incorporated into the budget since the April amendment. In terms of internal controls in the PeopleSoft system, Mr. Connors explained that line items are grouped into parent categories and PeopleSoft will not allow expenditures to be made above the amount budgeted for the parent category.

Mr. Giannini asked about expectations in terms of final revenue and expenses for the end of FY2011-12. Mr. Connors replied that three different funds must be examined: the School Lunch Fund, General Fund, and the Grant Fund. He stated that he expects a deficit in the School Lunch program for FY2011-12 of approximately \$500K, which will be covered by the Lunch Fund balance. In terms of the General Fund, Mr. Connors noted that this is affected by grants and the District typically ends the year with a bit less than budgeted for expenditures and a bit more for revenue. He stated that the Grant Fund does not follow the District's fiscal year, but must be balanced. To the extent that grant funds are expended on ineligible items (i.e. "grant disallowances"), these must be paid from the General Fund.

Motion by Commissioner Cruz to approve unaudited June 2012 Financial Report. Seconded by Commissioner White. **Adopted 3-0, with concurrence of parent representative.**

IV. Additional Item: Follow-Up on Question regarding ESEA Waiver

Cheryl Wheeler stated that Superintendent Vargas requested her to attend this evening's meeting to respond to a question from Commissioner White regarding changes in the Supplemental Educational Services process. She explained that the entire content of the ESEA waiver for New York is posted on the NYS Education Department website, with a table at the end that provides a summary of all twelve changes that have been made.

Commissioner White stated that he had submitted this question, but was anticipating a response with the full Board present. He suggested that there had been a misunderstanding, as a Special Meeting of the Board was originally scheduled for this evening but was later cancelled. He requested that Ms. Wheeler provide this information to Board members via email.

V. Review and Approve Quarterly Change Order Reports for April through June 2012

Motion by Commissioner Cruz to approve Quarterly Change Order Report for April through June 2012. Seconded by Commissioner White. **Adopted 3-0, with concurrence of parent representative.**

VI. Review and Approve Resolutions in Preparation for July 26, 2012 Board Business Meeting

A. PROCUREMENT & SUPPLY

- 1. Childcraft Education Corp.; Community Products, LLC (dba "Community Playthings"); ETA Cuisinaire, A Division of A. Daigger & Co., Inc.; Kaplan Early Learning Company; Lakeshore Learning Materials; S&S Worldwide; School Specialty – contract extension to purchase early childhood learning materials – Resolution No. 2012-13: 27**
- 2. Excelligence Learning Corp.; (dba "Discount School Supply"); Nasco; U.S. Toy Co. Inc. (dba "Constructive Playthings") – contract extension to purchase early childhood learning materials – Resolution No. 2012-13: 28**
- 3. Barnes & Noble, Inc. – contract extension to purchase books for school classrooms and libraries – Resolution No. 2012-13: 29**
- 4. Carolina Biological Supply Co.; Fisher Science Education; Nasco, a Division of the Aristotle Corporation; VWR Education, LLC (dba "Sargent Welch"); VWR Education, LLC (dba "Science Kit, LLC"); VWR Education, LLC (dba "Ward's Natural Science"); Garden State Micro (dba "Educate-Me.Net"); Vernier Software & Technology, LLC; Basic Science Supplies, LLC; Delta Education, LLC (dba "CPO Science"); Cynmar Corporation; RSR Electronics, Inc. (dba "SciencePurchase.com") – contract extension for purchase of science equipment for classrooms – Resolution No. 2012-13: 30**

5. **ATD-American Co.; Bio-Rad Laboratories; Connecticut Valley Biological Supply Co., Inc.; Educational Innovations, Inc.; Flinn Scientific, Inc.; Frey Scientific, a Division of Delta Education, LLC, a School Specialty Company; Lakeshore Learning Materials; Parco Scientific Company; Pasco Scientific Company – contract extension to purchase science equipment and supplies for classrooms – Resolution No. 2012-13: 31**

Motion by Commissioner White to address all above Procurement resolutions as a group. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

Motion by Commissioner White to approve all above Procurement resolutions as a group. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

B. FACILITIES

Final Payments:

1. **Michael A. Ferraulo Plumbing and Heating Inc. – for HVAC work on renovations to School No. 29 – Resolution No. 2012-13: 32**
2. **Hilliano Construction and Electrical Inc. – electrical work on renovations to School No. 5 (re-bid) – Resolution No. 2012-13: 33**
3. **Hilliano Construction and Electrical Inc. – electrical work on renovations to School No. 45 – Resolution No. 2012-13: 34**
4. **Lozier Environmental Consulting, Inc. – air monitoring for renovations to Monroe High School, School No. 15, and School Without Walls Commencement Academy – Resolution No. 2012-13: 35**
5. **Steve General Contractor, Inc. – general construction work on renovations to School No. 42 – Resolution No. 2012-13: 36**

Motion by Commissioner White to address all above final payment resolutions for Facilities as a group. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

Motion by Commissioner White to approve all above final payment resolutions for Facilities. Seconded by Commissioner Cruz. **Adopted 3-0, with concurrence of parent representative.**

Other:

- 6. FP-FI - Request for Revision of Financial Information Form (FP-FI) be submitted to the State Education Department – Resolution No. 2012-13: 37**

Motion by Commissioner White to approve above resolution to submit FP-FI form to the State Education Department. Seconded by Commissioner Cruz.
Adopted 3-0, with concurrence of parent representative.

Mr. Connors informed the members of the Finance Committee that the July and August Financial Reports will be provided in September because time is needed to process end of the year transactions for FY 2011-12.

Motion by Commissioner Cruz to adjourn. Seconded by Commissioner White. **Adopted 3-0, with concurrence of parent representative.**

Meeting adjourned at 6:11PM.