

Rochester Board of Education Finance Committee
June 7, 2004, 5:30 P.M.
Minutes

Attendance: Commissioners Bowers and Powell

Absent: Commissioner Garcia

Commissioner Bowers called the meeting to order at 5:39 p.m.

I. Review of June Financial Reports – (10 minutes)

Commissioner Bowers asked Mr. Marini to provide a summary of the financial reports.

Mr. Marini indicated the monthly reports reflect the standard statements showing year-to-date progress through May. There is no amendment this month.

Commissioner Bowers indicated he didn't have any questions.

Mr. Marini noted that the finance team projects that the year will end in the black, but won't know for sure until the District completes the audit process in July or August. Once the audit is completed, then accounting will know if there will be a fund balance.

Commissioner Bowers asked for clarification about cash on hand. He asked if cash on hand is not the same thing as fund balance. Mr. Marini explained that is correct. While there is \$20 M in cash, it is not in cash flow. The District has bills from 2003-04 that are due in 2004-05 and accruals for future bills against that sum.

For instance, \$5.9M that has been committed to 2004-05 from this year's fund balance. Worker's comp totals \$2.8 M. Cash capital is committed from 2003-04 to 2004-05 budget. Just because it has been appropriated doesn't mean it's been spent. There is a fund balance of \$2.4 for EPE litigation expenses. Over \$11M of the \$23M cash on hand is already spoken for, and that is just what Mr. Marini could recall from the top of his head.

Commissioner Bowers wants people external to the organization to understand that a large amount of cash on hand does not mean there is a surplus. We are still facing a large problem.

Commissioner Powell asked if we might end the year in the black, would that be because expenses are lower than projected or revenues higher than projected.

Mr. Marini explained it is a combination of both. We had an impact from State revenue reduction last month. Mr. Connors noted that revenue has picked up, but not significantly. Being able to end in the black is largely due to reductions in expenses.

Commissioner Powell asked about the amount of legal fees set aside for EPE.

Action Item:

- Rachna Vaid to provide an update on EPE litigation and amount of legal fees for appeal. The board would like not more than a two page summary on where the EPE appeal is in the process.

There being no further questions, Commissioner Powell made a motion to accept the financial reports and recommend them to the Board at the next meeting. Seconded by Commissioner Bowers. **Adopted 2-0** with Commissioner Garcia absent.

II. Review and Consideration of proposed resolutions for the June 10, 2004 Business Meeting – (10 minutes)

There were no resolutions to discuss.

III. Discussion on Format for Monthly Financial Reports - (20 minutes)

Commissioner Bowers asked Commissioner Powell to meet with Mr. Connors and Ms. Rohring to come up with something agreeable which would improve the quality of information that the Board receives from District finance staff.

Mr. Connors noted that he has seen it done a number of different ways. Basically, he would like the Committee's input as to what it needs. The Available Funds report provides YOY comparisons, where we are for the year in percentage, except for the months where we are doing amendments to the Budget, due to spacing.

Commissioner Powell explained the concept she was proposing calls for the ability to compare the percentage at the end of a given month to the same month in the previous year to see clearly if we are spending too fast in any particular area. In other words, comparing percentages on YOY basis.

Mr. Marini agreed that what the Committee requested may be helpful for gating cash flow.

Commissioners Powell and Bowers want to be sure whatever adjustments are made make the reports clearer and more useful.

Commissioner Bowers noted that the current financial reports are much better and vastly superior to those in previous terms. He recommended that as we restructure these reports, we also think about how the external community can read and understand. He suggested that we put a lay person's summary with the reports. Whatever we do should be user friendly for the Board, but we want to be more sensitive to the larger community as well.

Mr. Marini agreed that was an excellent observation. Currently, the financial reports to the Board are very financially-oriented. To read the cash flow statement, you need to understand finance.

Commissioner Bowers said without meaning to insult anyone, the Board could do “financial reports for dummies.” He asked Mr. Connors for other suggestions.

Mr. Connors agreed to get a working group going to discuss the pros and cons of different formats.

Commissioner Bowers noted that the committee does not have a meeting scheduled during the month of July. He recommended that the committee revisit this matter at its August meeting. The guiding principle should be for the reports to be useful and understandable.

Action Item:

- Mr. Connors to meet with Commissioner Powell and Ms. Rohring to discuss proposed changes to monthly financial reports format and report back to finance committee in August.

Commissioner Powell asked for a sense of the time frame for closing the books and the annual audit.

Mr. Marini said that staff is working on year-end close now to put together timelines. There will be all new auditors from Deloitte & Touche which will be an issue because staff will be spending a lot of time and will have to be involved in working with the auditors. He expressed concern about the timing but expects that by the end of June and July the year end close will be complete. He plans to talk about it with his staff because he wants to accelerate it. We are trying to improve from a timing perspective.

Commissioner Bowers noted that people have got to understand budgeting is a 12 month process.

Mr. Marini noted that the monthly financial reports for the Board have improved. Before he arrived, amendments weren't done. Commissioner Bowers and Mr. Marini agreed that public confidence has increased due to the Staff and the Board's fiscal responsibility in preparing monthly reports.

IV. Next Meeting – August 9, 2004 at 5:00 p.m.

Commissioner Powell motioned to adjourn. Seconded by Commissioner Bowers.
Adopted 2-0 at 6:01 p.m. with Commissioner Garcia absent.