

**Capital School District**  
198 Commerce Way  
Dover, DE 19904-3498



**CAPITAL**  
**SCHOOL DISTRICT**

**Wednesday, August 12, 2015**  
*District Office Conference Room 126*  
**MINUTES**

**Budget Oversight Committee**  
Dennis Hallock, Chairperson  
Joyce Denman, Ed.D.  
William Garfinkel  
Toriano Giddens  
Tina Huff, Ed.D.  
Kirk Johnson, Ph.D.  
Vanessa Withers-Little  
Sean Sokolowski, Business Manager

|     |                    |
|-----|--------------------|
| (D) | <b>DISCUSSION</b>  |
| (I) | <b>INFORMATION</b> |

**Budget Oversight Committee Members Present:**

Dennis Hallock, Chairperson  
Joyce Denman, Ed.D.  
William Garfinkel  
Toriano Giddens  
Tina Huff, Ed.D.  
Kirk Johnson, Ph.D.

**Also Present**

Sean Sokolowski, Business Manager  
Curtis Raymond, Citizen  
Greg Mazzotta, Citizen  
Tim Pancoast, Citizen

The meeting was called to order at 11:32 a.m.

**1.01 Roll Call – Establishment of a Quorum**

Quorum was established with six members present.

**2.01 Review and Approval of minutes**

Mr. Sokolowski presented the minutes from the June 17, 2015 meeting. A motion to approve the minutes with typographical corrections was made by Mr. Hallock, seconded by Mr. Giddens, and were approved on a unanimous vote (6-0).

**2.02 Financial Position Report**

Mr. Sokolowski presented the Financial Position Report. This report is mandated by law and is submitted to DOE three times a year: August 31<sup>st</sup>, February 1<sup>st</sup>, and May 1<sup>st</sup>. The report is designed to make the State aware of any districts that may incur a cash flow shortage. The report is designed to encapsulate the local funds, Div II, Div III, Cash Option, and Tax relief funds. These are the funds that the District uses to fund the general operations of the District. Capital had a balance (including encumbrances) of \$22,904,828.87 as of 7/1/15 with expected revenues of \$1,494,466.55 from July 1<sup>st</sup> through October 15<sup>th</sup>. Projected expenditures are \$6,625,105.11 through October 15<sup>th</sup> to leave an estimated available balance of \$17,774,190.31. The District's expenditures are projected to exceed its revenues this year.

**2.03 Tuition Tax Rate Proposal**

Mr. Sokolowski presented the Tuition Tax Actual expenditures for FY 15 in comparison to the Tuition Tax Rate Proposal for FY 16. In the actual column the first line represents the actual tuition balance as of 6/30/14. Also in the actual column the last line represents the projected 6/30/15 balance. This information was requested during the June 17, 2015 CBOC meeting.

**2.04 Bond Prepayment**

Mr. Sokolowski presented the potential savings of a bond prepayment. The potential to save \$203,233.95 exists by prepaying the 1997 and 2000 bonds. However, in order to prepay the bonds, \$1,589,590 of Local funds would have to be used per the advice of the district counsel. The options were also discussed to: prepay the 1997 bond with \$326,040 of local funds to save \$16,986.68 of debt service funds, and to prepay the 2000 bond with \$1,263,550 of local funds to save \$186,247 of debt service funds. Members of the committee expressed surprise that the State

would even allow the prepayment of bonds. Mr. Sokolowski stated that it had never been done before by a district and that the State generally consolidates projects from other districts or state agencies when selling bonds making it difficult to prepay bonds due to other obligations consolidated with our bonds. It was discussed that the district's annual expenditures now exceed the district's annual revenues and that using local funds will accelerate the timeframe before an operating referendum is necessary. The State's potential \$160 million deficit for FY 17 also caused concern in using local funds now for what may be needed in the future to offset any state reductions. Mr. Garfinkel suggested that we start to formulate a list of cuts now in anticipation of the \$160 million State of Delaware projected deficit for FY 17. It was explained that not knowing how much the District will be cut or in what areas makes developing a cut list virtually untenable. Furthermore, the committee discussed that it was not the purview of the CBOC to evaluate a cut list without the authorization from the Board of Education. A motion was made by Mr. Hallock to continue paying bonds with debt service funds and to not prepay any outstanding bonds, was seconded by Dr. Denman, and was approved (6-0).

### **2.05 Energy Savings**

Mr. Sokolowski discussed the concept of an Energy Committee to help save funds. The committee would examine ideas such as temperature controls, lighting, involving students, incentives for schools, an energy czar, and equipment upgrades to name a few. It was suggested that window coatings be placed on the windows at older schools and that the impact on children be considered when altering the lighting. Dr. Johnson, Mr. Hallock and Greg Mazzotta, a citizen, all volunteered to be on the committee. Other cost savings initiatives were discussed and it was suggested by a citizen that the CBOC provide an annual report.

### **2.06 Membership**

A motion was made by Mr. Hallock to extend the terms of Dr. Johnson and Mr. Garfinkel, seconded by Dr. Denman, and was approved (4-0; Abstentions by Dr. Johnson and Mr. Garfinkel)

### **2.07 Monthly Reports**

The July 31, 2015 monthly reports were disseminated and discussed with the members.

### **2.09 Future Meetings**

The next meeting will be scheduled for October 21, 2015 at 11:30am.

### **3.01 Adjournment**

There being no further business, the meeting was adjourned at 12:55pm on a motion from Mr. Hallock, seconded by Dr. Johnson, and was approved (6-0).