February 29, 2012 FFO Minutes

Members Present: R. Ohle (chair), G. Wasserman, J. Kaminski, C. Ellinger, G. Verlinde, L. Cline, C. Laux

Also in attendance: D. Kostus

Mr. Kostus joined the committee at the beginning of the meeting to review where we are with this summer’s sinking fund projects. He also provided a list of capital projects that should be considered for the next 10 years. The group discussed the pros and cons of postponing this summer’s projects until a decision has been made regarding a future sinking fund.

Mrs. Laux reviewed the January financial reports. They were included on the consent agenda for the February 27 meeting. Mr. Wasserman provided information on an account at a local credit union paying higher interest rates than we currently receive. (Following the meeting Mrs. Laux contacted the credit union; they indicated that they don’t handle business or government accounts.)

Upcoming agenda items will include recommendations of bids for classroom projectors for Adams Elementary and for providing wireless access in all instructional areas throughout the district. These will complete the projects funded by the multi-year technology grant.

Mrs. Cline shared a draft of the service consolidation plan that the district agreed to develop as one of the financial best practices that qualifies us to receive $100 per pupil this year. She noted that in addition to collaborative arrangements with other districts, we have many productive partnerships with the city and county as well as with private entities such as the Midland Community Center.

Following up on comments made during the mid-year budget revision, Mrs. Cline provided examples of the effects of delaying steps and the MPSERS offset payments on future budget increases. Both reduce expenses in the current year but require larger increases than usually budgeted in future years.

Mrs. Cline clarified the Governor’s proposal to provide incentives for best practices and achievement. Although the amount for best practices has been estimated at $75 per pupil, the actual amount will depend on how much of the money is needed to fund the achievement incentive. Since the achievement incentive depends in part on a test that won’t be taken until March, we may not know when we adopt the budget whether we qualify or how much will be available to fund the best practices incentive. Committee members advised Mrs. Cline to be very cautious about the amounts included in the 2012-2013 budget for these items.

Mr. Ellinger engaged the group in a lively and lengthy discussion on capital needs, technology and future millage requests. Mrs. Cline provided a chart showing the current mill rates, the amounts raised by each, and the years of expiration. During the discussion, the following questions were raised:

1. What was the levy for the Plant, Repair, Maintenance, and Equipment millage that the district was permitted to have until the passage of Proposal A? Answer: 0.63 mills. At current taxable
values, it would raise $1.6 million each year. This is less than 1% of the replacement cost of our buildings.

2. Are there time limits on bonds for technology (i.e. can the bond duration exceed the useful life of the purchase)? Answer: It appears that time restrictions apply only if qualifying for the school bond loan fund. We would need to get a definitive answer from bond counsel before proceeding with a technology bond.

Additional discussion will take place at a Board of Education meeting.

Due to schedule conflicts, the March meeting has been cancelled. The next regular meeting will be on Tuesday, April 24, 2012.