

**WEST WINDSOR-PLAINSBORO REGIONAL SCHOOL DISTRICT  
BOARD FINANCE COMMITTEE MINUTES**



<u>BOE Committee:</u> Anthony Fleres (Chair) Hemant Marathe Yibao Xu	<u>Administration:</u> Victoria Kniewel Larry Shanok Lawrence LoCastro	<u>Guest/Public:</u> Scott Clelland, Wiss & Co. Anthony Branco, Wiss & Co.
---	---	--

**November 7, 2012**

The meeting was called to order at 6:38 PM at Central Office in the conference room. Topics covered included:

2011-2012 Public Audit: Mr. Clelland introduced Mr. Branco as the leader of the team that conducted the field work on the audit. He noted that as in years past, the audit has been completed on time and again concludes that an Unqualified Opinion – the most important conclusion that can be reached by an audit – has been given the district’s financial statements. He noted the Certificate of Excellence in Financial Reporting awarded by the independent Association of School Officials International for the prior audit; WWPRSD is one of only about twenty New Jersey districts to earn that designation. His expectation is that the district is likely to achieve that award for a fifth straight time should we submit the new CAFR for consideration.

He noted that the district is in a good financial position. He noted that excess fund balance is \$11.8 million, largely due to unanticipated increases in state aid, lower energy costs, and lower than anticipated increases in health care premiums. He observed that once excess surplus is utilized, it is gone. Thus wise use of the excess surplus is associated with one time actions rather than moves to increase annual operating costs. The district did that the prior year with use of the excess for tax relief and prudent increases to allowed reserves. His experience indicates that districts that increase operating costs enjoy their use that year but often have to curtail the activity in subsequent years when those funds are no longer available.

Often the various fund balance components of the general fund are misunderstood. Mr. Clelland talked of each of the components of the balance as of June 30, 2012. \$9.5 million is committed to the 2012-13 school year; \$11.8 million will be utilized in the 2013-14 school year; \$4.8 million is in the capital reserve(for construction within the district); \$0.5 million is in the maintenance reserve; \$1.0 million is in the emergency reserve; \$1.0 million is encumbered to pay for purchases arriving after June 30<sup>th</sup>. Only \$4.7 million is the true “savings” account of the district – much less than one month’s payroll and smaller than the amount ten years ago.

A substantial number of pages in the Comprehensive Annual Financial Report are dedicated to the Capital Projects fund reporting: few districts have so heavily availed themselves of state grant funding as WWPRSD has done with the use of capital reserve to support local share requirements. By using the grant process the state has paid 40 cents on the dollar for a large number of district projects. It is a lengthy, exhausting process that most districts are unable to successfully utilize to any degree.

Mr. Clelland walked the committee through the Management Report. There are only three findings: one relating to IDEA/Title I reporting and two relating to Community Education. A Corrective Action Plan for these findings will be submitted for acceptance by the BOE at the next board meeting. Mr. Shanok noted that with three findings a large variety of areas were examined and found to be doing well: areas such as payroll, insurance, Treasurer’s records Board Secretary’s records, purchasing, food service, student activities, and the district Application for State School Aid were examined without any resulting findings. During the year the district was subject to a State of New Jersey Office of Fiscal Accountability and Compliance audit and required disclosures have been made; it is noteworthy that in the OFAC report no monetary liability from the district resulted. He walked through the calculation of the maximum unreserved/undesignated fund balance which totals \$4.7 million as of June 30, 2012.

Mr. Shanok noted a number of comparisons and contrasts to the CAFR numbers of ten years ago as the discussion unfolded. While the annual budget is nearly 50% larger today than ten years ago, the cash position of the governmental entities is nearly unchanged; the undesignated/unreserved fund balance is actually

smaller today; while general fund special services expenditures have nearly doubled to \$22 million, special revenue funding from state and federal agencies has increased 17% to \$2.3 million; and the balance in the unemployment compensation fund is smaller today despite higher pay levels. A bright spot is that the district utilizes only a small fraction of its debt capacity; indeed, ten years ago the district had outstanding debt in excess of \$106 million while as June 30, 2012 it is under \$84 million.

Questions from the committee were discussed throughout the evening. The CAFR will be shared with the BOE this Friday and will be on the agenda November 13, 2012.

Review Agenda Items: The agenda is supported by the Finance Committee. The Comprehensive Maintenance Plan is one of many voluminous reporting requirements that the district provides each year; the state requires that the board approve the submittal much as it does for IDEA, NCLB and many other such reports. Among the CMP reporting requirements are five page checklists for each of the district's ten schools.

Other Business: The Archway settlement is on the agenda; for districts not accepting the settlement a mandatory meeting with an administrative law judge is taking place December 11, 2012. On October 26<sup>th</sup> the district received notification from the Schools Development Authority that all documentation for ten district lighting projects has been accepted and the state's bank has been authorized to pay the state share. The project's cost \$229,601, thus the state contribution will be \$91,840. There was a brief discussion of the need for the district to replace the departed board member from Plainsboro within the 65 day state deadline.

The meeting adjourned at 7:53P.M.

**NEXT MEETING: Tuesday, November 20, 2012, 6:30 PM @ Central Office**

Topic for Next Meeting

Review Agenda Items  
2013-2014 Budget

Future Topics:

Impact of Recent Legislation  
Policies