

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



<u>BOE Committee:</u> Louisa Ho (Chair) Anthony Fleres	<u>Administration:</u> Larry Shanok Lawrence LoCastro	<u>Guest/Public:</u> Scott Clelland, Wiss Robert Provost, Wiss
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November 10, 2015

The meeting was called to order at 7:30 PM at Central Office. Mr. Zhong was absent.
Topics covered included:

Audit Discussion. Scott Clelland remarked that the district is in strong financial condition. In recognition of its strong financial reporting process, the district has received the Association of School Business Officials International's Certificate of Excellence in Financial Reporting for the seventh year. Mr. Clelland reviewed the Management Report on Administrative Findings. He noted that there was only one finding relating to the ASSA student count; and, there were no repeat findings in the Management Report. He noted that the district has been far more active than other districts in utilizing School Development Authority grants despite the onerous documentation required – a documentation level that leads many other districts to pass on the grants. The grants lead to the State of New Jersey paying up to 40% of the Final Eligible Cost (or actual cost, if lower) for approved projects. This is very beneficial for districts that qualify.

Mr. Clelland reported that the regular audit process went very well and the regular data and prose has been completed for some time. However, this is the first year of audit impact from GASB 68 (Governmental Accounting Standards Board), and the impact on audit completion is large. GASB 68 relates to the long term liability associated with the personnel that work and have worked for the district. The pension plan is a State of New Jersey plan and key data must come from the State of New Jersey. To date, no data has been provided; the most recent indication from the State is that the baseline data will be released on Friday. The State made a similar statement about last Friday. After receiving the data, the auditors will have to examine, analyze and convert the data to tables and notes for the Comprehensive Annual Financial Report (CAFR). As this is the first year for this material, it is difficult to say how much analysis will be necessary. And it is necessary (and rather late) for all NJ school district's CAFR efforts.

The fact of the matter is that while no audit is complete without this information, the information bears no relevance to current district decision-making. Because of this, the Finance Committee is proceeding with its annual process and recommends that the auditor meet as usual with the Board of Education. In past years, the BOE has accepted the CAFR and associated Corrective Action Plan before submission of the CAFR to the DOE; but, by regulation, a school district has 30 days to review and accept the CAFR, even if the state's submission requirement occurs during those 30 days.

Mr. Zhong arrived at 8:02 P.M.

With that said, Mr. Clelland walked through the key data in the CAFR with an emphasis on the C-1 schedule. The C-1 schedule is the primary financial statement relevant to district decision-making. As usual, the district is in very good financial condition. The level of excess surplus is at last year's level and the district has the capacity to maintain its past practice concerning both tax relief and support of Capital Reserve in the coming 2016-2017 budget. Committee members engaged in a discussion with the auditor and he answered all questions.

The formal acceptance of the report will be at the December 15th meeting if the State of New Jersey submits the data soon and it is in a useable condition.

Review Agenda Items. The Committee reviewed the finance items and supports their approval by the Board of Education.

2015-2016 Budget Progress. Having just gone over the CAFR in some detail, the financial reports served as a vehicle for exploring aspects of the upcoming budget cycle. Larry LoCastro described the rollover of personnel that is a basic building block of each budget cycle.

A wide-ranging discussion on the areas of the budget that have had reductions or small increases over several years, was followed by those areas that have consumed dollars with considerable growth in spending. It was observed by the Committee that while a category such as health benefits has grown slowly from a percentage basis, it does consume over a million more dollars than a few years ago. A key question is how large must the increases to areas such as special education, special education transportation, personnel, and health premiums be for the budget to be viable? Building on past conversations and a recent conversation with the district architect on the cost of essential upcoming capital projects, it was agreed that moving the capital outlay budget to the three million dollar level would be sound.

Administrator Contract – Merit Goal. As shown in the supporting documents for the Committee meeting, the assistant superintendent of finance has met his 2015-2016 goals that were previously approved by the Executive County Superintendent. The next step in this process is a board resolution to acknowledge it. The board resolution will be sent to the Executive County Superintendent who affirms that all State of New Jersey requirements associated with the merit goals have been met. The same process will occur again later in the year as the other administrators meet their merit goals. This is the same process as followed last year.

NJQSAC – Comprehensive Maintenance Plan. The Committee reviewed the documents required for submission for the NJ Quality Single Accountability Continuum (QSAC). The Comprehensive Maintenance Plan and facilities checklists were reviewed; even though these are standard documents, the facilities checklist and the maintenance plan must be consistent with the annual maintenance budget to meet the requirements of the state submissions. The statement of assurance was also reviewed. Again, this is similar to the process and documents of a year ago and in line with the DOE requirements for the 2015-2016 school year.

403b Plan. One of the district’s vendors has indicated that they are prepared to offer a mutual fund based 403b option which will include lower expense ratio funds. There has been a bit of a void in this category since Vanguard refused to conform to the federal retirement plan changes in 2008-2009. This new offering by the vendor may fit well with some employees financial retirement goals. If the information continues to develop positively, the district will allow the vendor to utilize this platform with its customers.

The meeting adjourned at 9:28P.M.

NEXT MEETING: Monday, December 14, 2015, 7:30 PM @ Central Office

Topic for Next Meeting
Review Agenda Items
2016-2017 Budget

Future Topics:
Impact of Recent Legislation
Policies
Transportation