

Finance Committee

Minutes- Wednesday February 11, 2015 Finance Committee Meeting

TIME: 3:00 P.M

PLACE: Central Office

1. Meeting called to order 3:05 PM

Members present: COMMITTEE MEMBERS:

Valerie Andersen, Chair Michelle Gorra

Absent: Kelly Lott

Present were: Patricia Cosentino, Ed.D, Superintendent
Robert Giesen, Director of Finance
Joseph DePalma, Well Fargo Banks
Charles Heaven, Charles Heaven & Co.

2. Chairman's Report

No Report

3. Acceptance of Minutes-(January 05, 2015) Approved

4. Presentation on the following:

a) Wells Fargo Bank transition- Classified Pension Trust

Joseph DePalma presented the services of Wells Fargo in the servicing of the Regional School District 12 classified pension plan. The transfer of the assets from Bank of America to Wells Fargo went smoothly and the pensioners have now been issued two monthly checks and there has been no issues. He then discussed the portfolio make up at the current time and it is being managed on a 60% equity 40% fixed basis with approximately 3% in liquid assets to meet plan expenses. Eric Chernoff, the lead analyst could not join us today because of commitments however he will be at the next meeting scheduled for 5:00 pm on March 9th.

b) Final Region 12 Audit June 30, 2014 (FY2013/2014)

Charles Heaven led a review of the audit for the fiscal year ended June 30, 2014. The district received an unqualified opinion which meant it was the highest opinion that could be offered. He expressed his appreciation for the cooperation received from the Business Office staff as the work was being done and that everything requested or required was available immediately. With the new financial system there was a learning curve but everything went well and the system will serve the district for a good number of years. In addition the cross training of staff has gone well. All the records and files were found to be in good order. The MDA letter contained on pages 3 thru 10 was authored by the business manager as well as reviewed by Charles Heaven & Co. This would give the reader a good understanding of the operations for the year and factors that may affect future budgets. The district did not have a Federal Single audit as the threshold for a formal audit was not meet.

A discussion followed on the new GASB 67 which added additional disclosures about the region pension plan. The plan is currently funded at the 105% level and a history of the funding along with disclosures can be found beginning on page 40.

The cafeteria operations were discussed and although the program had a deficit for the year, the program assuming full benefit costs which was planned has now drawn the fund balance down to acceptable levels for the SDE. It was recommended to only fund benefits going forward as operations will support the expenses. The increasing food costs combined with the shrinking student population would be cause to monitor the operation more closely. Although the district raised prices this past year it was suggested that although the fund balance is still positive, the lunch prices may need to be increased.

The financial condition of the pension plan was reviewed and it was pointed out that the plan is funded at 105% which is a very good position. The performance of the fund along with allocation and the district commitment to follow the actuarial recommendations have positioned the district going forward to be able to budget at the normal costs which should lower the annual expense to decrease.

Next the general fund was reviewed and the year end fund balance is \$69,958 which will be distributed to the member towns.

This was after funding a full 1 % transfer to the capital non-recurring fund of \$216,609. It was a result of a negative revenue result of (\$2,215) which was the lower tuition revenue. The expenditures were \$72,173 below budget.

The Elementary Capital Reserve fund balance (elementary leases) was \$390,407 at June 30th with a reduction of (\$67,631) made up of \$168,207 in repairs completed less revenue from the lease payment and interest of \$100,576.

The 1% Capital Reserve fund was \$642,274 at June 30th after the transfer of \$216,609.

A discussion on the audit report with questions by members of the committee on the audit as well as other areas related to the financial operations and results were answered. If there are any further clarifications Mr. Heaven will be contacted to answer them.

A motion was made to include this on the next board agenda for acceptance by the full board.

5) Review of Financial Report

a) January 30, 2015–

The report was reviewed and the expenditures are tracking to budget with 4.8% remaining.

The accounts, by object code, were reviewed and the overall budget and show the following:

100 series- Salaries are projected to be under budget in total for the year. The accounts experiencing overages are 114 Certified Substitutes but is offset by savings in the 111 Teacher salary account. This is due to staff on long term leaves. 118 Custodial salaries which is experiencing overage in the overtime accounts with so many winter storms requiring additional cost. 122 Computer Technology account is over budget which is a result of additional summer days related to increased technology updates needed.

200 series- Employee Benefits are under budget. Only Worker's Compensation – Account 260 over budget at this time

300 series- Purchased Professional & Technical Services This category of expense is under budget however due to additional homebound instruction account 321, Professional services – Students, is over budget as well as the 331 Software Support

account for Power school annual fees being over at this time. All remaining accounts are tracking under budget.

400 series- Purchased Property Services, all accounts remain under budget with the exception of security expenditures recorded in object code 490 which was established and this will be negative for the year.

500 series- Other Purchased services – Overall this series of accounts remains under budget. Several sub accounts are over budget, 513 Special Education transportation, 520/521 Property & Liability insurance account is over as a result of higher renewal on national flood insurance, 560 Vo/Ag tuition related to additional students. The remaining special education tuition accounts are over budget however as of this report all known placements have been made.

The only concern is if any other students may need to be placed out between now and end of the year.

600 series-Supplies- all accounts in this grouping are currently tracking to budget. This is being favorably impacted by the lower than budgeted energy costs and should remain that way despite the extremely cold weather we are experiencing.

700 series-Property & Program Improvements- these accounts are within budget.

800/900 series-Dues & Fees / Debt Service accounts are on budget.

6) Scheduling of 2015/2016 Budget workshop dates

- a) Tentative dates for Superintendent's meetings with principals and supervisors.
February 18th 2:00 pm – 4:00 pm
19th 2:00 pm – 6:00 pm
In the Central Office.

7) Other Business- None

8) Public Comment- None

9) Next Finance meeting – March 9th – 5:00 pm at the Central Office.
Adjournment 5:25 pm

Valerie Andersen, Chair