



Barnegat Township School District

BARNEGAT BOARD OF EDUCATION SPECIAL MEETING MINUTES

November 15, 2011

Tuesday, 6:30 PM

Barnegat High School
180 Bengal Blvd.
Barnegat, NJ 08005

Our collective mission is to nurture and educate our children in accordance with all curriculum standards to prepare them for responsible citizenship and success in life.

I. CALL TO ORDER

Mrs. Becker: I would like to call this Special Meeting of the Barnegat Board of Education to order.

II. OPEN PUBLIC MEETING ACT

The notice of this meeting has been forwarded to the Asbury Park Press, posted in the foyer of Barnegat High School, posted at the Barnegat Township Municipal Building and filed with the Municipal Clerk, in accordance with the Open Public Meeting Act N.J.S.A.10:4-10.

III. ROLL CALL

Mr. Adorno	Present
Mr. Cloke	Present
Mr. Mihalik	Present
Mr. Houser	Present
Mrs. Sarno	Present
Mrs. Pilovsky	Present
Mrs. Becker	Present

Mrs. Olker	Absent
Mr. Caputo	Absent

Also Present: Karen Wood, Superintendent
Dean Allison, Business Administrator/Board Secretary
Ben Montenegro, Board Attorney

IV. FLAG SALUTE

Mrs. Becker: Would everyone please stand to salute the Flag.

All: Pledge of Allegiance

V. APPROVAL OF AGENDA AND/OR ADDITIONS

Mrs. Becker: Are there any additions or corrections to the Agenda? May I have a motion to accept the Agenda?

Mrs. Pilovsky: So moved.

Mrs. Sarno: Second

Mr. Adorno	Yes
Mr. Cloke	Yes
Mr. Mihalik	Yes
Mr. Houser	Yes
Mrs. Sarno	Yes
Mrs. Pilovsky	Yes
Mrs. Becker	Yes

VI. SUPERINTENDENT'S REMARKS

Mrs. Wood: For those of you who have not met Anthony Scotto in person, he is the new Director of Curriculum for the district. We asked him to come down this evening. He has met many members of the Board, but not everyone. If you would like a few remarks or introduce yourself?

Mr. Scott: Thank you, Mrs. Wood. Good evening everyone, members of the Board of Education, Madam President. I would just like to thank all of you for allowing me to join your family, your school family. I had the opportunity to meet and greet with so many of your recently and I just wanted to again publicly thank the Board of Education. I am very excited about joining your team. I just came off the Parkway, so now I know exactly what route to take and not take when I come down here, but I am very excited to work with our Superintendent, your Board of Education to continue to strive for excellence here in the Barnegat Township School District. I look forward to working with all of you. Thank you.

VII. PRESIDENT'S REMARKS

VIII. PUBLIC SESSION

The Barnegat Township Board of Education appreciates and welcomes public comment, advice and suggestions. Comments and discussion will be limited to one five minute period per individual. In accordance with Board of Education Policy, each participant must be recognized by the presiding officer and must preface their comments by an announcement of their name, address and group affiliation, if appropriate.

Mrs. Becker: Would anyone like to address the Board? Seeing none, may I have a motion to close Public Session?

Mrs. Sarno: So moved

Mr. Cloke: Second

Mr. Adorno	Yes
Mr. Cloke	Yes
Mr. Mihalik	Yes
Mr. Houser	Yes
Mrs. Sarno	Yes

Mrs. Pilovsky Yes
Mrs. Becker Yes

IX. PRESENTATION OF AUDIT BY HOLMAN & FRENIA, P.C.

Mrs. Becker: Mr. Conaty you have the floor.

Mr. Conaty: First of all I would like to thank the Board for calling this special meeting. I know our schedules conflicted with next month's meeting date. Before I get started this is the first time I have seen Mrs. Wood in a couple of years and I have to say you picked one heck of a Superintendent. She was my former teacher so you guys did good.

Mrs. Wood: That is very sweet, Jerry, thank you very much. Jerry is one heck of a snare drum player.

Mr. Conaty: I would like to start out with the audit report. I will start on page eight; we have given the Board an unqualified opinion. It is the best opinion we can give on an audit, it means that the financial statements are fairly presented and all material respects and that we have no qualifications in saying that.

Just want to point out on page ten. It starts your management's discussion and analysis. It breaks down the financial statements and it is in the words of management. It gives a little more detail behind the numbers and some of the reasoning behind why some of the numbers may have changed and some of the district's projects looking forward and how past projects are going and where they stand.

Page nineteen is your government-wide statement of net assets. You can see the school district has a very healthy position that June 30, 2011; we have \$98M of total net assets up from \$96.2M in 2010. This financial statement is what the school district would use when they compare themselves to any other business out there. This is called a full GAAP in accordance with Generally Accepted Accounting Principles.

The financial statement that I always feel is more relevant to the district begins on page 22; these are your fund financial statements. They present the district more from a year to year basis and these are the numbers your Business Administrator and Superintendent use going forward when they do their budgeting and looking at the numbers day to day.

You can see that we had an increase in total assets of about \$1M to bring us to about \$5.5M. We also had decreases in liabilities, a big decrease in our accounts payable, decrease in our state aid anticipation loan payable. Those led to an increase in our Net Assets of about \$2.9M. You can see that increase on the next page, page 23.

The main thing I like to look at, this is your Statement of Revenue and Expenditures. The main thing you like to look at as a district is those first two funds, your General Fund and your Special Revenue fund. Your total revenue between those two funds is a little over \$50M. These are the

two funds that you use to operate the district in terms of anything having to do with all of your students. Your general fund is all the general operations and special revenue fund is all the grants and entitlements. So the \$50M is up just about \$200,000 from where we were last year. Then again if you look below your total expenditures for those two funds is \$47M, down about \$4M from last year. So, management has done a great job to try and provide the same services and do it for as cheap as possible and trying to cut costs wherever possible.

I would like to point out a couple of quick things. On page 26 is your cafeteria income statement. Normally with your cafeteria and community education which are considered enterprise funds, you are not really looking to turn a profit, just not to lose money on them. You can see there that for the year the cafeteria had a net loss of \$12,783 so when you are looking at total expenses of \$1.2M, it is a pretty lean operation that you have there. It is running very well.

Page 30 I wanted to point out the Notes to the Financial Statements that give a little bit more information to the financial statements that I talked about in brief. They break down a lot more things and give you a lot more meaning to those financial statements.

I want to turn your attention to page 113. We had to issue two additional opinions or auditor's reports. One is on internal control and compliance with financial reporting. I am pleased to say as you can see from the second to last paragraph; the last sentence says we did not identify any deficiencies in internal control over financial reporting. On the next page we note that we did not identify any instances of non-compliance in the district. Then on the next page we have our opinion on the single audit. If you expend more than \$500,000 in federal or state funds you are required to have a single audit which goes into a lot more of the compliance details behind those grants and brings a lot of testing not just with the numbers of those grants but also the eligibility of different students and the allow ability of those costs.

You can see on page 116 the very top, that we disclose no instances of non-compliance and then again in the second to last paragraph we did not identify any deficiencies in internal control. With that being said I am happy to say that the Board's audit report comes with no findings or recommendations in it for the first year in a few years and I just want to say I think that is a testament to the determination of Dean and Colleen and the staff there and especially the Finance Committee for pushing these things along and making the changes that needed to be made. With that I will answer any questions.

Mr. Caputo: I was very pleased to see we did not have anything carried over from last year. Thank you.

Mr. Conaty: Thank all of you. Just so the Board knows too, we are going to be at the Finance Committee meeting tomorrow morning and we will be going over the audit report in a little more detail with the Finance Committee given them a little more background behind the numbers and answering some more of their questions as well. This will be on the agenda for next week's meeting for approval there. If there are no questions on the audit report I will discuss the forensic audit.

We had been asked earlier in the year to take a look at a number of issues related to the insurance services. Dean and I have been in constant contact and I want to apologize we did not get here sooner with all this information but we looked at general ledgers for the past eight years. The General Ledger for the General Fund is about 1200-1800 pages so we went through a lot of pages and information to go back eight years for invoices and purchase orders. It was a very time-consuming process.

We did a lot of different things that we discussed with the Finance Committee in terms of looking through the ledgers for vendors identified through subpoenas that the district had received, looking for any transactions with those vendors. We identified a bunch of different additional insurance coverages that were not included in that subpoena; we have a summary of those. We only identified one of those vendors that we had any payments go to or that we sent any money to and that was BHB Insurance Services. We confirmed with BHB and spoke with them about the insurance coverages that were offered. We also viewed the invoices that were received from BHB and that we had paid on. We also confirmed independently with the actual insurance carrier that we had paid BHB and they went and paid the carrier. We confirmed with them to make sure that policies were in place, kind of a third-party coverage. Normally with confirmations you always want to go straight to the source and have it come straight to you. That is what we did we went straight to Colonial National and couple other insurance companies that we had and confirmed the coverages in existence and that we had those policies and we did do that.

We also looked at our insurance costs compared to a lot of other costs around. I know that was one of the points of contention. We had identified ten other districts that were comparable in size to Barnegat across Atlantic, Ocean and Burlington counties. Within those we looked at the past three years where we had the most information from those districts. We ranked third, sixth and fifth out of those ten districts in those three years. I have the years here also. The only other involvement we had with any of the people identified in the subpoena was Federal Hill Risk Management who were one of the points of concern; we had no payments going to Federal Hill Risk Management. The only thing we had with them was a Resolution that was passed to appoint them as the broker of record; there was never any involvement with them and never did any services with them. It was one month and then the next month we appointed another broker of record. That is pretty much were things stand and we will go over this more in detail tomorrow with the Finance Committee.

Mrs. Pilovsky: We will have a report tomorrow?

Mr. Conaty: I have them in my car and we will go over them tomorrow.

Mrs. Pilovsky: Do you have one for every Board member?

Mr. Conaty: Yes

Mrs. Becker: The subpoena stated nine companies and individuals and you are saying only one from the list of the nine was Federal Hill and that was only an appointment there was no transactions with them. BHB was a broker of record for the district.

Mr. Conaty: Yes.

Mrs. Pilovsky: Did you mention additional insurance companies that are not on this list?

Mr. Conaty: Yes, there were additional companies not in the subpoena that we did identify as well.

Mrs. Pilovsky: That is in the report?

Mr. Conaty: Yes

Mrs. Becker: All of this discontinued in 2008?

Mr. Conaty: BHB contract was terminated effective May 1, 2009.

Mrs. Becker: That is when LDP came in.

Mr. Conaty: Correct.

Mr. Allison: Actually Van Dyk took over.

Mrs. Pilovsky: No, LDP was our broker of record for health insurance.

Mr. Conaty: Yes, you did have both of them.

Mrs. Becker: Any questions? Thank you very much we appreciate all your work and look forward to reading your report.

Mrs. Pilovsky: I would like to say thank you to Dean for finally getting us where we should be in the finance department and all the work he had done and the staff members. The Committee has worked very hard as well.

Mrs. Becker: Thank you.

X. EXECUTIVE SESSION RESOLUTION

Request a resolution for Executive Session at this point in the meeting of the Barnegat Township Board of Education on Tuesday, November 15, 2011 for the purpose of discussing confidential student information, personnel items, contracts and/or litigation.

WHEREAS, Section 8 of the Open Public Meeting Act, N.J.S.A. 10:4-12 permits the exclusion of the public from a meeting in certain circumstances and

WHEREAS, this public body is of the opinion that such circumstances exist.

NOW, THEREFORE, BE IT RESOLVED by the Board of Education of the Township of Barnegat in the County of Ocean and State of New Jersey, as follows:

The public shall be excluded from discussion on the actions upon the hereinafter specified subject matter(s): student information, personnel/contracts, and/or litigation.

The general nature of the subject matter(s) to be discussed is listed under Executive Discussion.

It is anticipated at this time that the subject matters will be made public, if and when, confidentiality is no longer needed. Action may be taken.

This resolution shall become effective immediately.

XI. EXECUTIVE DISCUSSION

Mrs. Becker: May I have a motion to move into Executive Session to discuss contract with Monmouth University?

Mrs. Pilovsky: So moved

Mrs. Sarno: Second

Mrs. Becker: Anyone else who would like to address the Board? Seeing none do I have a motion to close Public Session?

Mrs. Sarno: So moved

Mr. Cloke: Second

Mr. Adorno	Yes
Mr. Cloke	Yes
Mr. Mihalik	Yes
Mr. Houser	Yes
Mrs. Sarno	Yes
Mrs. Pilovsky	Yes
Mrs. Becker	Yes

XII. ROLL CALL

Mrs. Becker: Anyone else who would like to address the Board? Seeing none do I have a motion to close Public Session?

Mrs. Sarno: So moved

Mr. Cloke: Second

Mr. Adorno	Present
Mr. Cloke	Present
Mr. Mihalik	Present
Mr. Houser	Present
Mrs. Sarno	Present
Mrs. Pilovsky	Present
Mrs. Becker	Present

XIII. OLD BUSINESS

Mrs. Becker: Is there any Old Business? Seeing none, moving to New Business?

XIV. NEW BUSINESS

Mrs. Becker: Is there any New Business? Seeing none, moving to Adjournment.

XV. ADJOURNMENT

Mrs. Becker: Do I have a motion to adjourn?

Mr. Adorno: So moved

Mrs. Sarno: Second

Mrs. Becker: All in favor/

All: Aye

Mrs. Becker: Meeting adjourned at 7:15 p.m.

Respectfully submitted,

Dean Allison
Business Administrator/Board Secretary

CODE OF ETHICS

Board of Education

A school board member shall abide by the following Code of Ethics for School Board Members:

1. I will uphold and enforce all laws, state board rules and regulations of the State Board of Education, and court orders pertaining to schools. Desired changes shall be brought about only through legal and ethical procedures.
2. I will make decisions in terms of educational welfare of children and will seek to develop and maintain public schools that meet the individual needs of all children regardless of their ability, race, creed, sex or social standing.
3. I will confine my board action to policy making, planning, and appraisal, and I will help to frame policies and plans only after the board has consulted those who will be affected by them.
4. I will carry out my responsibility, not to administer the schools, but, together with my fellow board members, to see that they are well run.
5. I will recognize that authority rests with the board of education and will make no personal promises nor take any private action that may compromise the board.
6. I will refuse to surrender my independent judgment to special interest or partisan political groups or to use the schools for personal gain or for the gain of friends.
7. I will hold confidential all matters pertaining to the schools which, if disclosed, would needlessly injure individuals or the schools. In all other matters, I will provide accurate information and, in concert with my fellow board members, interpret to the staff the aspirations of the community for its school.
8. I will vote to appoint the best qualified personnel available after consideration of the recommendation of the chief administrative officer.
9. I will support and protect school personnel in proper performance of their duties.
10. I will refer all complaints to the chief administrative officer and will act on the complaints at public meetings only after failure of an administrative solution.

BARNEGAT BOARD OF EDUCATION

Lisa B. Becker, President

Denise Pilovsky, Vice President

Rafael Adorno, Jr.

Frank P. Caputo

Joseph Cloke

Robert A. Houser

James Mihalik

Alice N. Olker

Lauren Sarno