

BOARD OF EDUCATION
(Official)

March 22, 2012
Elizabeth, New Jersey

A special meeting of the Board of Education was called on March 22, 2012 at 6:00 p.m., in the Multi Purpose Room, Donald Stewart Center for Early Childhood Education, 544 Pennsylvania Avenue, Elizabeth, New Jersey.

Board President Marie Munn presented the following statement at 6:50 p.m.

“Ladies and Gentlemen, good evening. This is a special meeting of the Board of Education. Pursuant to New Jersey Statutes and the rules adopted by the Board of Education, notice of this meeting was sent to Worrall Community Newspapers, The Star Ledger and Cablevision of Elizabeth on Wednesday, March 14, 2012. In addition, this notice is posted on the Bulletin Board in the lobby of 500 North Broad Street, and pursuant to this act, a copy has been filed with the City Clerk of Elizabeth.”

“I wish to extend a warm welcome to everyone present to this March 22, 2012 meeting of the Board of Education. We are here to govern, provide management oversight, and make policy for the district. The Superintendent manages the district. This is a meeting of the Board in public, not a meeting of the public.”

“This meeting is being recorded and will become part of the Elizabeth Board of Education permanent record. In order that the recording will adequately reflect the proceedings, please refrain from talking while others are speaking. I also ask that you silence the sound on your electronic devices. Since it is legally mandated that these proceedings be accurately recorded, I may have to ask for order periodically should noise begin to interfere with our recording capabilities. I am pleased that you have taken time this evening to join us. Thank you for your interest in the Elizabeth Public Schools.”

“There will be a public portion for citizens to address the Board. Participants for the public portion must sign in one hour prior to the advertised start of the meeting so that they may have the opportunity to speak. The sign-in sheet states the name, address, telephone number and reason that the person wants to comment, whether it is an agenda item or a general education comment.”

Present: Mrs. Castillo-Ospina, Messrs. DaSilva, Donoso (arr. 7:45 p.m.), González, Nazco, Trujillo (arr. 6:55 p.m.), Mrs. Munn – 7

Absent: Pastor Burgos, Mr. Perreira – 2

Superintendent of Schools Pablo Muñoz, School Business Administrator/Board Secretary Harold E. Kennedy, Jr., Board Attorney Kirk Nelson, Assistant Superintendent for Schools Jennifer Barrett, Assistant Superintendent for Family and Community Outreach Jerome Dunn, Assistant Superintendent for Teaching and Learning Olga Hugelmeyer, Executive Director for Human Resources/Labor Attorney Karen Murray, Assistant Board Secretary Donald Gonçalves, and Comptroller William Greene were in attendance.

Mr. Francisco González gave the invocation.
Pledge of Allegiance
Pledge of Ethics
Core Beliefs and Commitments

Personnel Report – Leaves of Absence, etc.

A motion was made by Mr. González, seconded by Mr. DaSilva, that the report be accepted.

The motion was carried by the following vote:

Affirmative: Mrs. Castillo-Ospina, Messrs. DaSilva, González, Nazco, Trujillo, Mrs. Munn – 6

Negative: None

Superintendent’s Report – Use of Facilities

A motion was made by Mr. DaSilva, seconded by Mr. Nazco, that the request be approved with a waiver of fees.

The motion was carried by the following vote:

Affirmative: Mrs. Castillo-Ospina, Messrs. DaSilva, González, Nazco, Trujillo, Mrs. Munn – 6

Negative: None

Superintendent’s Report – Field Trips

A motion was made by Mr. DaSilva, seconded by Mrs. Castillo-Ospina, that the requests be approved.

The motion was carried by the following vote:

Affirmative: Mrs. Castillo-Ospina, Messrs. DaSilva, González, Nazco, Trujillo, Mrs. Munn – 6

Negative: None

Authorizations Report – Authorization to Make Application, etc.

A motion was made by Mr. DaSilva, seconded by Mr. González, that the report be accepted.

The motion was carried by the following vote:

Affirmative: Mrs. Castillo-Ospina, Messrs. DaSilva, González, Nazco, Trujillo, Mrs. Munn – 6

Negative: None

Award of Contracts Report – Award of Contracts, etc.

A motion was made by Mr. DaSilva, seconded by Mrs. Castillo-Ospina, that the report be accepted.

The motion was carried by the following vote:

Affirmative: Mrs. Castillo-Ospina, Messrs. DaSilva, González, Nazco, Mrs. Munn – 5

Abstain: Mr. Trujillo – 1

Negative: None

Mrs. Munn presented the following public participation statement.

“At this time, the microphones are open for public comment to those who have signed in prior to this session. I shall call individuals to the microphones based on the order of the sign-in. Each statement made by a participant shall be limited to three minutes in duration. The total time of public comment shall be limited to sixty minutes. No individual is able to yield their time to another individual. All statements shall be directed to the presiding officer; no participant may address or question Board members individually. The following rules for public participants shall apply: time limits will be strictly enforced, no personal attacks on individuals, no vulgar or indecent language, a person may address the Board no more than once during a single meeting, speakers should refrain from naming individuals, and comments or questions posed during public participation will not be debated. As a reminder, this is a meeting of the Board in public, not a meeting of the public.”

Since there were no citizens signed in to address the Board, Mrs. Munn declared this portion of the public meeting closed.

Superintendent Pablo Muñoz introduced School Business Administrator/Board Secretary Harold E. Kennedy, Jr. to present the management oversight workshop on Finance.

Mr. Kennedy stated that he appreciated the opportunity to come before the Board to present the fourth Management Oversight Finance Workshop as required by Board policy. Mr. Kennedy stated that the first workshop was held June 2009 and showed a high level overview of the business operations including the running of the Purchasing, Accounts Payable, Payroll, Budget and Accountant departments. Mr. Kennedy stated that the second management oversight on Finance was held July 2010 and focused on the creation of the Board Secretary's Report that is presented for approval to the Board each month. Mr. Kennedy stated that the third management oversight on Finance was held July 2011 on the preparation and detail of the Comprehensive Annual Financial Report (CAFR) and how the different schedules are generated, tie and show activity for the year. Mr. Kennedy stated that Mr. Robert D'Uva, from Mendonca & Associates, the district's auditor, came to the January 19, 2012 Board meeting and gave the results of the audit and discussed the findings, comments and recommendations of the 2010-2011 audit. Mr. Kennedy stated that this year's oversight workshop on Finance will focus on the details and results of the 2010-2011 Comprehensive Annual Financial Report (CAFR). Mr. Kennedy introduced Comptroller Dr. William Greene who presented the workshop on the district's financial statements.

Comptroller Dr. William Greene stated that the purpose of the workshop is to provide the Board with information about the district's financial performance for the year ended June 30, 2011 so that the Board has a better understanding of the district's finances for the purpose of exercising effective management oversight. Dr. Greene stated that our vision is that the Elizabeth Public Schools will be one of the best school systems in America and our mission is that the Elizabeth Public Schools will provide excellent educational experiences and services to inspire every student to think, to learn, to achieve, and to care.

Dr. Greene stated that the 2010-2011 financial results summary for expenditures include \$169,614,562. for the district, \$189,101,609. for the schools, and \$76,453,188. for federal and state grants, the total expenditure was \$435,169,359. and the assigned fund balance was \$7,653,594. Dr. Greene stated that the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2011 included the Independent Auditors' Report stating, "In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Elizabeth School District's, County of Union, New Jersey, as of June 30, 2011, and the respective changes in financial position, and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles in the United States of America."

Dr. Greene explained the Report of the Treasurer for the month ending June 30, 2011 and the Combining Balance Sheet General Fund D-1 for June 30, 2011. Dr. Greene stated that to provide the annual financial status of the district the financial books must be closed and explained the end of year accounting cycle closing process. Dr. Greene stated that cash deposits are ended on the last work day of the month, all payroll and vendor transactions as of June 30th are accounted, revenue received and incurred during the month is recorded, inter-fund transactions for the month are recorded and financial reports are generated for further analysis and subsequent presentation to the Board. Dr. Greene stated that the Treasurer's Report provides an analysis and reconciliation of the district's cash balances contained in the district's bank accounts and the Board Secretary's Report provides the district's financial status in comparison to revenue and budget as well as assets and liabilities.

Dr. Greene explained the Budgetary Comparison Schedule General Fund, that local sources include local tax levy, tuition, and miscellaneous, that state sources include education adequacy aid, equalization aid, special education aid, consolidated aid, extraordinary aid, on-

behalf SCC Capital contributions (non-budgeted), on-behalf TPAF pension contributions (non-budgeted), and on-behalf TPAF social security contributions (non-budgeted), and the federal sources include Education Jobs and Medicaid. Dr. Greene explained the original budget, budget transfers, final budget, actual and variance final to actual and the total revenue. Dr. Greene explained the Budget Comparison Schedule General Fund C-1 for the fiscal year ended June 30, 2011 including the current expenditures, regular instruction programs, home instruction, regular programs undistributed instruction, special education including cognitive impaired mild, cognitive impaired moderate, auditory impaired, learning/language disabilities, multiple disabilities, behavioral disabilities, autistic, communication impaired, resource room, preschool disabled, basic skills/remedial, and bilingual education, school sponsored activities, school sponsored athletics, before/after school programs, summer school programs, other supplemental programs and community services for a total instruction amount. Dr. Greene stated that the undistributed expenditures include tuition to regular public schools, special services public schools, county vocational school districts, regional day schools, county special services schools, private schools for the handicapped and out of state private schools for the handicapped.

Mrs. Munn asked about tuition for incarcerated students and if we are paying for books and teachers.

Superintendent Pablo Muñoz responded that the tuition for students in various state facilities includes incarceration, juvenile, psychological and others and the State sends reports to verify the information.

Mr. Kennedy responded that the name and last known address is used to verify responsibility and the tuition also includes handicapped students at State facilities.

Discussion ensued.

Mr. Nazco excused himself from the meeting at 7:35 p.m.

Dr. Greene stated that other budgeted areas include attendance and social work services, health services, other support services, improvement of instruction, educational media services/school library, instructional staff training services, support services for general administration, support services school administration, operations and maintenance of plant services, security, administration, technology, student transportation services, business and other support services, employee benefits, capital outlay, facilities acquisition and construction services, adult education and transfer of funds to charter schools. Dr. Greene explained the Budgetary Comparison Schedule General Fund Recapitulation of Fund Balance with \$3,160,694. assigned fund balance designated for subsequent year's expenditures, \$4,720. year end encumbrances, \$4,488,180. unassigned fund balance, and the total assigned fund balance was \$7,653,594.

Dr. Greene stated that the Special Revenue Fund includes federal, state and other grants awarded to the district in a given school year. Dr. Greene explained that the federal grants include NCLB (Title I-IV), IDEA, ARRA, Perkins, 21st Century, and JROTC, that the state grants include Early Childhood, Chapter 192/193 and Adult Basic Skills, and the other grants include CID, Conoco Phillips, Hewlett Packard and others. Dr. Greene stated that the revenue sources and expenditures are reported for the fiscal year July 1, 2010 through June 30, 2011 for all grants awarded and that the budgetary revenues equal the expenditures. Dr. Greene explained the Special Revenue Fund Comparative Balance Sheet assets and liabilities and the Combining Schedule of Program Revenue and Expenditure E-1.

Dr. Greene stated that the Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. Dr. Greene stated that the financial resources presented are derived from grants awarded by the Schools Development Authority (SDA) and funded on a reimbursement basis. Dr. Greene explained the Capital Projects Fund Summary Schedule of Project Expenditures F-1 including Toussaint L'Ouverture-Marquis de Lafayette School No. 6 Sewer/Flooding Project, Joseph Battin School No. 4 Wall Cracking Remediation, Elizabeth High School Roof Replacement, Thomas A. Edison Slab Settlement, Thomas A. Edison Parapet

Cracking, Elmora School No. 12 Building Exterior Façade Repairs, and Alexander Hamilton Boilers Replacement. Dr. Greene explained the Capital Projects Fund Balance Sheet assets and liabilities.

Dr. Greene explained the Statement of Net Assets Food Services Enterprise Funds G-1 including assets, receivables, inventories, capital assets, accounts payable, interfund loan payable, invested in capital assets net of related debt and unrestricted. Dr. Greene explained the Statement of Revenue, Expenses, and Changes in Fund Net Assets G-2 including operating revenues, operating expenses, non-operating revenue, income before contributions and transfers, change in net assets, beginning total net assets and ending total net assets.

Dr. Greene stated that the Governmental Accounting Standards Board (GASB) 34 requires that fiduciary funds be reported using a statement of fiduciary net assets and a statement of changes in fiduciary net assets. Dr. Greene stated that the fiduciary funds are used to report assets that are held by the school district in a purely trustee or agency capacity and the fiduciary funds are collected from employees and then remitted to organizations, businesses, or other government institutes. Dr. Greene explained the Combining Statement of Fiduciary Net Assets H-1 and the Student Activity Agency Fund Schedule of Receipts and Disbursements H-3 showing the student activity accounts for PreK-8 schools and the high school activity account. Dr. Greene explained the Schedule of Receipts and Disbursements H-4 including the cash, general fund interfund receivable, payroll deductions and withholdings for alternate route certification, summer payment plan, Teachers' Pension and Annuity Fund, Public Employees' Retirement System, SUI, other withholdings and garnishees, and the total liabilities.

Dr. Greene stated that the Capital Assets include land, land improvements, buildings and improvements, construction in progress, leasehold improvements, vehicles, furniture and equipment. Dr. Greene explained that the total capital assets less the accumulated depreciation equals the net capital assets.

Mr. Trujillo excused himself from the meeting at 7:50 p.m.

Dr. Greene stated that the audit questionnaire is a checklist of items specific to New Jersey school districts which auditors prepare to support the auditors' opinion on the district's compliance with laws and regulations and the checklist is signed by the auditor and available to the department upon request. Dr. Greene stated that there was an unqualified audit opinion on the Comprehensive Annual Financial Report (CAFR), the Administrative Classifications Questionnaire and audit checklists were completed by the School Business Administrator/Board Secretary and the records were ready for audit, the school district was able to demonstrate an accounting system that was maintained in accordance with Governmental Generally Accepted Accounting Principles (GAAP) and the state prescribed publication entitled *GAAP for New Jersey School Districts, A Technical Systems Manual*, the monthly certifications of line-item appropriations and fund status were filed in accordance with N.J.A.C. 6A:23-2.11, the Treasurer's records were maintained independently of the Board Secretary's records, an encumbrance system was utilized in accordance with Governmental GAAP, the books and records of any official were not in such unsatisfactory condition that comment and recommendation is made in the Auditors' Management Report, no monitor was assigned and the district had full accreditation status in relation to financial management practices.

Mrs. Munn thanked Dr. Greene for the informative presentation.

Mr. Kennedy stated that the Budget Presentation will be held on March 29. Mr. Kennedy explained that the forms that the State generates in their budget system have a column for the 2010-2011 actual and all the numbers on that document are coming from the Comprehensive Annual Financial Report and that once it is completed then it gets loaded into the State's system and it is one way the State tracks financial results of all the school districts. Mr. Kennedy explained that the account coding is the same for the districts and that the districts are uniform in their financial statements and electronic documents. Mr. Kennedy stated that there is a depository

on the NJDOE website where our CAFR in full is in PDF format along with every other district in the State of New Jersey.

On a motion by Mr. DaSilva, seconded by Mrs. Castillo-Ospina, the meeting was adjourned at 7:58 p.m.

The motion was carried by the following vote:

Affirmative: Mrs. Castillo-Ospina, Messrs. DaSilva, Donoso, González, Mrs. Munn – 5

Negative: None

Harold E. Kennedy, Jr.
School Business Administrator/Board Secretary