

*Approved: September 6, 2017*

ESSEX NORTH SHORE AGRICULTURAL & TECHNICAL SCHOOL DISTRICT

**Finance Subcommittee  
Minutes – June 7, 2017**

Members Present: B. Perkins, Chairman, T. St. Pierre, J. O'Brien, M. Teixeira, W. Marquis,  
G. Hathaway, B. Jones

Others Present: M. Znamierowski, Business Manager  
K. McMahon, District Treasurer  
M. Kroesser, Human Resource Director  
B. Morgan, Principal

Mr. Perkins, Chairman, called the meeting to order at 5:30 p.m.

Approval of Meeting Minutes

Motion made by Mr. St. Pierre, seconded by Mr. Jones to approve the Tentative Minutes of May 5, 2017 as presented. Motion carried unanimously.

Mrs. Znamierowski addressed Mr. Perkins with regards to phasing the start of equipment throughout the school. Mrs. Znamierowski stated that a high energy system was installed when the school was built, which saves on the use of electricity throughout the buildings.

Mrs. Znamierowski reported to Mr. O'Brien that a 10% utility cost savings applies only to commercial agricultural buildings.

Financial Statements

The District's financial statements as of March 31, 2017 were presented by Mrs. Znamierowski. She noted that the District was doing well regarding revenues and expenditures. The seventeen (17) District communities have paid their assessments and has not received three (3) of the the out of district assessments. Mrs. Znamierowski noted that the statements reflect a school choice deficit and adjustments will be made in the FY2018 budget to offset this deficit.

Mr. Marquis moved to approve the March 31, 2017 Financial Statements as presented and place them on file for audit, seconded by Ms. Teixeira. Motion carried unanimously.

Receipts Audit Completed by Melanson Heath & Company

Mr. John Sullivan reviewed the Receipts Audit completed by Melanson Heath & Company. Mr. Sullivan stated they performed an audit of receipts for School Lunch, Athletics, Adult Education and Career Programs during FY2016.

Mr. Sullivan sated they reviewed District policies and procedures over the collection and remittance of receipts. Met with parties responsible for the collection, deposit and accounting for various receipts for the purpose of documentation internal contrails and procedures. Obtained

and reviewed documents related receipts and performed sample testing to determine that procedures and controls are consistently being applied.

Mr. Sullivan reviewed the findings and recommendations for the programs that were audited.

**Athletic Receipts** – The high school utilized ticket sales for football games. The tickets and collections are turned over to the Athletic Director who prepares a sales reconciliation. A recommendation is that ticket reconciliation should be done by the individuals selling the tickets, signed and turned over to the Athletic Department. The Athletic Department should verify the cash count, the reconciliation and initial as verified before turning over to the Business Office. All ticket numbers and sequences should be accounted for.

Ms. Teixeira asked if this audit included vending machines revenue and was told that it was not included in this audit.

Mr. Sullivan reported that School Lunch Receipts were tested by obtaining the teller reconciliations, proved the balance in the summary report, traced to documentation of receipts in the Business Office and traced the deposit to the bank statement. There were no exceptions noted in the testing and no recommendations.

**Culinary Arts** – Mr. Sullivan reported that all receipts turned over for the month of November 2015 were tested. Copies of daily reports from the system that were printed and retained by another individual in the office. Amounts included on the system reports were compared to amounts entered on the forms used in the daily reconciliation. Credit card receipts on the system report agreed with the amounts reported on the daily forms and amounts deposited. However, the cash collections on the stem report did not agree to the amounts reported on the deposit forms.

For the month of November 2015, the amount turned over and listed on the daily deposit form was less than the amount reported from the system.

Mrs. Znamierowski stated that she met with the Culinary Arts Teacher and implemented retraining in an effort to reconcile the system report with cash. Mrs. Znamierowski stated that after meeting with the Culinary Arts Teacher daily reconciliations are much more accurate.

The recommendation is that the School District investigates the variances from the start of the system at the opening of the new school in August 2015 through present to determine the total variance between cash collected and turned over for deposit and the amounts reported as received from the Post-of-Sale system.

#### Other Vocational Programs

Mr. Sullivan reported that receipts were tested in Auto Tech, Collision Repair, Commercial Arts, Cosmetology, Print Shop, Cosmetology Retail and Plant Science. The recommendations regarding these tests are that the distribution of cash and checks should be listed on sales slips and deposit forms by the program directors before being turned over to the Business Office.

Tips turned over to the Student Activities are included in a check for the complete transaction. The Business Office needs to take cash from another transaction to make the transfer to the Student Activities account. This practice is small and infrequent and should be documented with a simple notation within the deposit records.

#### Adult Education

Receipts for the month of November 2015 were tested and found no support for the receipts turned over to the Business Office. The program did not turn over copies of rosters or other information that would allow the Business Office to reconcile receipts to participants.

The recommendation is that class rosters be provided to the Business Office so that amounts reported and recorded can be reconciled to participants.

Committee members thanked Mr. Sullivan for his report.

#### Establishing Scholarships

Motion made by Mr. Marquis, seconded by Mr. O'Brien to establish an Auto Expo Tool Scholarship sponsored by Kelly Motor Group of up to \$500 for graduating seniors from both the Automotive Technology and Collision Repair Programs. Motion carried unanimously.

#### Acceptance of Donations

Motion made by Mr. St. Pierre, seconded by Mr. O'Brien to accept a donation of \$500 from Kellco Management Inc. of Danvers, Massachusetts to sponsor the Essex Tech Auto Expo held on Saturday, May 20, 2017 from 10:00 a.m. to 2:00 p.m. at Essex Technical High School. Motion carried unanimously.

#### 2017 Spring Skills USA Lowe's Community Service Grant

Mr. O'Brien moved to accept the 2017 Spring SkillsUSA Lowe's Community Service Grant on the amount of \$25,000. The purpose of this grant is to supply a Mobile Community Service Trailer which will be filled with equipment that the Plumbing and HVAC/R programs need to complete outside projects in the community, seconded by Ms. Teixeira. Motion carried unanimously.

#### Proposed Alumni Gymnasium Refinishing Request

Dr. Lupini stated that he was notified that the Essex County Sheriff's Basic Training Academy chose to continue their program at Northern Essex Community College. Dr. Lupini stated that he was unaware that the District was bidding for this proposal.

Mrs. Znamierowski reviewed a proposal submitted by Mr. St. Pierre, Facilities Manager to refurbish the Alumni Gymnasium with revenue acquired through the District's agreement with Van Wormer International, a movie company that is filming on the campus.

Motion made by Mr. St. Pierre, seconded by Ms. Teixeira to approve the Alumni Gymnasium Refurbishing Request for a total cost of \$15, 139.98. Motion carried unanimously.

#### Bus Bid 2017-4

Motion made by Mr. Marquis, seconded by Mr. St. Pierre to award Bid 2017 – 4, 4 School Busses (2 - 51 Passenger and 2 – 32 Passenger) to O’Connor Bus Sales of Portland, Maine the lowest responsible bidder for a total equipment cost of \$306,348 and enter into a five (5) year municipal lease purchase with annual payments of \$64,659.28 (total cost over 5 years of \$323,296.40).

Diesel Fuel Bid 2018-01, On Road Ultra Low Sulfur Diesel Fuel

Motion made by Mr. Marquis, seconded by Mr. St. Pierre to award Bid 2018-1 Diesel Fuel to Devaney Energy of Newton , Massachusetts at a floating price of \$.0974 per gallon over the OPIS Boston Rack Average ( $\$1.6971 + .0974 = \$1,7945$ /gallon on 5/25/2017). Motion carried unanimously.

Outside Projects

Motion made by Mr. Jones, seconded by Mr. O’Brien to recommend approval for an Application for a building Project with Habitat for Humanity North Shore for construction of a three-four (3-4) bedroom home located at 5 Laurine Road in Danvers, Massachusetts. Motion carried unanimously.

Vote to Incur Debt

Motion made by Mr. St. Pierre, seconded by Mr. Marquis that the District Treasurer is hereby authorized under the provisions of General Laws, Chapter 71, §16 (g), as amended by Chapter 463 of the Acts of 2004, Chapter 9 of the Acts of 2006, Chapter 304 of the Acts of 2008, and Chapter 130 of the Acts of 2010, and with the approval of the Chair of the District Committee, to borrow money from time to time in anticipation of revenue for the fiscal year beginning July 1, 2017, and to issue a note or notes thereof, payable within one year, and to review any note or notes as may be given for a period of less than one year in accordance with General Laws, Chapter 44, §17. Motion carried unanimously.

FY2018 Budget Revisions

Mrs. Znamierowski reported the anticipated revenue deficit of \$349,500 ( $\$1,165 \times 300$  students) is due to the lower approved Ch. 74 tuition rate of \$15,481 set by the Department of Elementary & Secondary Education from the budgeted rate of \$16,646.

Dr. Lupini reviewed the following recommendations to fund this deficit:

- Purchase textbooks and technology with FY2017 funds for a total of \$75,000
- Delay hiring a Resource Officer to the Fall of 2018 \$74,000
- New hires/retirements/resignations savings of \$116,290 (this includes eliminating a .5 Horticulture and .5 Secretary)
- Prepay Non-teaching pension \$96,301
- FY2018 Contingencies \$50,000

This recommendation is to close the budget deficit and create a Community Relations and Adult Education position. This position will be funded through the HFT contract.

Motion made by Mr. Marquis, seconded by Mr. St. Pierre to recommend the full School Committee approve the proposed revisions to the FY2018 Budget. Motion carried unanimously.

*Discussion items that were not reasonably anticipated by the Chairperson (M.G.L., Chapter 30A – Sections 18-25)*

Mrs. McMahon reported that the MSBA final reimbursement is estimated at \$4.3 and \$3.1 of the reimbursement is to be used to pay off the Bond Anticipated Notes. This would leave approximately \$1.25 million which can be repurposed in like kind capital projects.

Mr. Marquis stated that he attended the graduation and congratulated the administration and staff for their efforts as the graduation was tremendous.

Motion made to adjourn by Mr. St. Pierre, seconded by Ms. Teixeira. Motion carried unanimously.

The Chairman declared the meeting adjourned at 6:37 p.m.