

BFCCPS FINCOM Meeting

September 7, 2017

Red Brick School House

Call to order: 8:08

Attendance: Tom Pacheco, Joe Perna, Jerry Cimino, Don Tappin, Joe Mullen, Jennifer Powell, Beth O'Toole, Heather Zolnowski, AAF: Maggie and

Absent: Jason Fine

Tom calls the meeting to order at 8:08.

Motion to approve May 14, 2017 meeting minutes as written: Joe Mullen. Second Jerry Cimino. Passes unanimously.

Tom asks AAF to walk the committee through the June 30, 2017 audited financials.

- There are no material weaknesses in our internal controls.
- There are some large adjustments to year end financials, but none are concerning. The numbers look big, but they are simply timing adjustments for expenses applicable to the subsequent year.
- The recommendations AAF made are helpful in nature, not an indication of a current issue. Experience has shown that these recommendations in entering in to a year including construction.
- There are new GASB standards regarding Lease Accounting. Jerry inquires how these will affect the debt covenants with the banks. AAF assures the committee that the banks have an understanding of the new standards and, if not, they can work with the bank to understand how the interest income/expense works in the consolidated (BFCCPS/Foundation) financials.
- AAF has issued an unmodified opinion ("clean") for the financial statements.
- The School had a net positive position at year end and the Foundation had a net loss.
- The \$1.2M Due(to) from School/Foundation is current prepaid expenses, but in reality, it is intended to be prepaid rent. AAF has some concern that the \$3.1M of unrestricted net assets is not truly "unrestricted" due to the inclusion of the \$1.2M. Tom suggests putting a disclosure in the footnotes, but AAF feels if we do this we would need to include a discount. At some point we will need to discount the amount but in the current year it is a negligible amount. AAF also recommends considering the \$1.2M a loan to the Foundation for soft costs to avoid the prepaid rent scenario.
- The \$1.2M will be moved to a long term asset with no discount. The prepaid rent/loan scenarios can be investigated in the current fiscal year.
- The financial statements do not need to be submitted to the state until November 1st. Jerry/AAF suggests waiting to present the financials to the Board for approval at the October meeting so that the "subsequent event" footnote can be correct/current to the final financing agreements.

Other

Beth will take the minutes this year. Our meetings will be the first Thursday of the month with a few additional days.

The Board had additional questions on the travel reimbursement policy. Don suggests adding some controls around our debt services agreements. Tom asks if we can add a debt covenant sheet to the monthly financial package.

Enrollment: we are at 446. We have 8th grade spots available and we will run a lottery this Fall to attempt to fill the spots.

Motion to adjourn: Jerry, 2nd Don, Unanimous.