

Budget and Finance Committee January 12, 2009

Members present: Kim Lyon, Amy McVey, Ellen Quinn, Stephanie Hong, Melodee Parker, Rodney Jackson, Debbie Boian, Becky Riley, Tiffany Davis, Amanda Ferguson, John Price, Julane Mullins, Kent Pleasants, and Mary Wright.

Mary opened the meeting at 4:02 p.m. and all members were introduced

Julane began with a review of the Working Budget. There will be some adjustments made in the current working budget, which is a working document that staff reviews constantly to make sure the document reflects the true picture of the District's financial picture.

- \$3 million shortfall which reflects changes in the motor vehicle tax
- Downturns in occupational license taxes and interest payments
- Money for District attendance incentive program (\$3M) will be moved to cover shortfalls.

Julane discussed highlights in this year's Draft budget. Several shortfalls expected in the area of revenues, there were very few additions to expenses.

There have been some personnel changes at LFUCG— Don Blevins (County Clerk) is retiring and Rene True (PVA) is leaving. The District has had good working relationships with those offices and we anticipate continuing those positive relationships in the future.

Question: Is the school law enforcement under business expenses? It is under operations.

There will be chart of accounts changes through KDE beginning in the spring, FCPS will be piloting those changes this year which may create some skewed information under subtitles in expenses in next year's reports.

The district is still in a very good financial position because the board has allowed the District to set aside funds and follow a biennial budgeting process.

Rodney – After the third year of an audit it is recommended that the audit contract be rebid or extended. The financial services department is recommending in March that the current audit contract be extended for one more year for a cost increase of about 4%.

Question: How about preparation of our financial statements? In Rodney's opinion it was time consuming and the report was not used, but there was a different set of eyes to review the numbers. The financial services department has decided that the current auditor will prepare the financial statement and the department will take responsibility for the accuracy of the audit.

Question: Will the audit be re-bid again the following year? Our current recommendation would be to do the entire 5 year period of the audit allowance and rebid in 2011.

Accounting Safeguards – in light of the challenges the airport board has had in monitoring their finances.

- Purchase orders – once originated it then goes to an administrator or principal for output posting. PO is reviewed for coding, contract number or bid number, P.O.s over \$10,000 require review by a cabinet director and Mary's signature. P.O.s over \$20,000 must have cabinet level review and both Mary and Stu's signature. If questions have not been resolved the PO is cancelled. All information concerning the bid/purchase follows the PO through the process.
- Credit card – there are two cards in the district there is one in the Financial Services safe and Stu has the other. There are three fuel credit cards for transportation fuel (\$300 limit). The bill comes directly to Rodney who reviews and they are then reviewed by financial services. Invoice and receipt are collected at that time and verified. Credit card information is kept at financial services and can be reviewed at any time by anyone. There are very few items purchased through credit card. The Superintendents' card is reviewed on a random basis and it is used very rarely.
- District has stopped use of credit cards and has moved to the use of procurement cards. Procurement cards are limited to certain expenses and vendors. Inputs from the cards can be viewed in a number of different ways. There are many reports that can be run from these cards (by vendor, school, item, etc.). If the card user attempts to use the card for a purpose for which it is not intended the card will not allow the purchase. Travel cards cannot be used for food or Family Resource cards may not be used for gas or hard line items. Purchases on procurement cards can be reviewed on bank web site at any time. All employees who are issued cards sign an agreement for use and misuse can be grounds for termination. Bills go to user and to financial services for review.
- All principals and bookkeepers were required to attend financial fraud training last summer. Monthly professional development training and unplanned and planned site visits are done periodically. Annually two voucher tests are done for payroll. A report that shows changes to salary inputs are run monthly. Schools and district are audited annually. Bookkeeper roundtable trainings are done monthly.

Question: Are school activity funds dispersed by check? Yes. There are no individual credit cards allowed for a school and purchases cannot be made without a purchase order.

Who signs the checks at the schools? The principals, but two signatures are required.

Any time there is a change in administration the district sends out an audit team to the school to make sure that there are a clean set of books for the new employee.

Next meeting: May 11, 2009

Mary adjourned meeting at 4:44 p.m.