

Budget and Finance Meeting September 12, 2011

Persons present: Tom Shelton, John Price, Jessica Hiler, Tiffany Davis, Becky Riley, Amy McVey, Kent Pleasants, Stephanie Hong, Piper Lewis, Debbie Boian, Julane Mullins, Rodney Jackson, and Mary Wright.

Mary Wright called the meeting to order at 3:34 p.m.

Rodney reported the District is currently being audited by five separate entities. He reported that the annual District audit and an audit by Workers Compensation are ongoing. The US Department of Education recently completed an audit on federal grants - the only comment was that the District cannot use abbreviations in documents. The IRS is doing an audit related to annuities.

Last year the audit firm made a comment about the need for an internal auditor. Rodney compiled an RFP that was distributed for review by the committee. Feedback from the committee is needed before November 1.

Question: ***Do we have any specifics as to what areas we want them to look at that or did the auditor recommend?*** Whistleblower complaints were the main focus. We have begun the process of developing a fraud hotline or online report per Sarbanes Oxley.

Who will they (internal auditor) report to? They will report to this committee and to the Superintendent. We currently have some of the structures in place to prevent fraud and we have provided assistance in some areas that supports work in the schools, however if members of the committee want to suggest places to focus feel free. We can add it to the RFP.

Any questions about audits or RFP contact Rodney.

Julane reported on the working budget, this is the final budget for the current school year. It is based on trend data and current market conditions and reflects any changes that have come to light since the May adoption of the tentative budget. The final numbers will be put in place once the audit is complete. The District does have a strong financial condition, we are not anticipating budget or staff reductions at this time. Departments work on constantly maximizing efficiency and resources. Enrollment has grown 3500 students in the last 3 years. We are holding a 5% contingency – which is recommended for a district this large. We have a beginning teacher salary of \$40,000.

Other obligations:

- Encumbered purchase orders from June 30 (\$8 mil)
- School carry-over of 10% (Section 6) funds (\$2 mil)
- Funds used to implement new core standards (\$1.8 mil)
- Initiatives to be funded with one time funds – Secure Your Schools Grant cash match, non-bonded renovation needs, flex focus funds for ESS grants, and bus purchases to include video set ups.
- On-going initiatives – School Nurses, Internal Auditor Contract, and MAP test funds.

Additionally the Board is being asked to approve the release of funds to the general fund for the purchase of new property and to cover the increased cost of portables for renovations,

increases in Early Start and in the unemployment account due to federal legislation that extends the unemployment benefit period.

Additionally the District is anticipating a reduction in SEEK funding next year and it is asking for a release of \$3.3 million to cover the anticipated cut.

Question: On page 8 – other revenue from local sources went down substantially, why?

That is donations from local sources and we went with what is currently in the account rather than trying to forecast in this economy.

There is an increase in the in food service income? Why? This reflects a growth in participation. There was no price increase this year.

How does total revenue on page 4 relate to the total revenue summary on pg. 1? The summary includes total estimates of all the revenue funds.

Have you seen collection problems with occupational tax because of the economy? We haven't seen anything out of the ordinary. We have been lucky in that we've made budget targets on OLT every year.

There was discussion about where the district is in collecting OLT from postal and other federal employees.

Are there going to be funds for RFPs? Not at this point in time.

Upcoming meetings – November - Audit, January – Draft Budget, and May - Tentative Budget
Any other topics for consideration may be forwarded to Rodney, Julane or Mary for inclusion on the agenda.

Meeting adjourned 4:12 p.m.

Next meeting: November 7, 2011