TO: Board of Education

FROM: Kenneth L. Medina, MBA, PRSBA Business Manager

RE: Business Manager's Report – March 2011

1. OPENING COMMENTS

2. FINANCIAL SUMMARY REPORTS

A. Budget Analysis.

As I had mentioned during my transition to my current position, I have sought to produce monthly Budget Status Reports that provide a concise overview of the District's current financial position, based upon available information. *[Attachments 01a – 01b4]*

BE IT RESOLVED: That the Budget Status reports for February 2011 be approved as presented.

B. Receipts, Expenditures, and Depositories.

[Review of Action at Special Board Meeting of March 7, 2011.]

3. BUDGET TRANSFERS

I am requesting that the Board of Directors approve the following budget transfers, as considered by the Finance Committee. The following MARCH transfers are listed for committee consideration. Purchases will not be approved unless the Budget Transfers are approved by the Board of Education *[Attachments 03a-03b]* :

ACCOUNT NUMBER	DESCRIPTION	DEBIT(to)	CREDIT(from)
10-1493-000-30-01-00-390	Performing Arts, Supplies	$ 78.98	
10-1493-000-30-01-00-611	Performing Arts, Other Professional Service		$ 78.98
	[To pay for receipts that exceed the available balance on the budgeted line item.]		
10-2310-000-00-01-00-530	Board Services, Communications	$ 8,868.00	
10-2310-000-00-01-00-530	Board Services, Other Professional Services	$ 6,500.00	
10-2310-000-00-01-00-581	Board Services, Travel		$15,368.00
	[To pay for cell phone charges and to pay for videographer services, as attached.]		

[Please see the attached Budget Transfer Listing for Buildings & Grounds. The Transfer requests will allow to properly account for expenditures for the Lincoln Building, as well as re-allocate expenditures for supplies and utilities.]

10-2620-000-XX-XX-XX-XXX	As attached	$184,238.00	
10-2362-001-XX-XX-XX-XXX	As attached		$ 184,238.00
TOTALS		$ 199,684.98	$ 199,684.98

BE IT RESOLVED: that the business manager hereby is authorized to make the budget transfers for March 2011, as presented.

4. JACKSON ELEMENTARY PLANNING AND CONSTRUCTION (PLANCON)

The District has been granted participation in the Qualified Zone Academy Bonds for 2011. The next steps for the project require the following actions:

a. *BE IT RESOLVED: that the Board of Directors of the School District of the City of York hereby authorizes the Architect, EI Associates, to prepare and submit PlanCon Part F (Construction Documents) including page F20 to the Pennsylvania Department of Education for their review and approval and authorize bidding of the project for the project known as Alterations and Addition to the Jackson Elementary School.*

b. *BE IT RESOLVED: that to the best of its knowledge and belief, the Board of School Directors certifies to the following:*

   i. *The Board will not enter into construction contracts until it has received written approval for PlanCon Part F, Construction Documents, from the Pennsylvania Department of Education.*

   ii. *The Board of School Directors has obtained, or will obtain, all necessary approvals from local, regional, and state agencies relating to health, safety, design, planning highway access, and freedom from flooding and subsidence, prior to entering into construction contracts.*

   iii. *The Board acknowledges that failure to obtain the requisite approvals, prior to entering into construction contracts, may be sufficient cause for the Department of Education to revoke its approval for this project. If approvals are revoked, the project will not be reimbursed by the Commonwealth of Pennsylvania.*

5. YORK-ADAMS ACADEMY

The York Adams Academy is requesting approval of the 2011-2012 General Operating Budget, which includes a 0.0% increase. *[Attachment 05]*

BE IT RESOLVED: that the 2011-2012 General Operating Budget, for the York Adams Academy, be approved as presented.

6. FOOD SERVICE CONTRACT REVIEW / MEAL PRICE INCREASE PROPOSAL

NSLP is making an effort to justify the difference between amount charged for a fully paid meal (P) plus the amount reimbursed for that meal (R) to equal amount reimbursed for free meal (F). The NSLP is suggesting that districts do so in increments of approximately 10 cents per meal for a series of years. Therefore I support the request of the Food Services Department to ask the Board to consider a 10-cent increase for paid meals (breakfast and lunch) for 2011-2012. The most recent meal price increase was 5 cents in 2007.

7. BUSINESS MANAGER 90-DAY ENTRY PLAN (STATUS)

Attached is a copy of the 90-Day Entry Plan I proposed to the Acting Superintendent during my first meeting with him on November 8, 2010. Most items are complete, four items are in process. *[Attachment 07]*

8. 2012 PAYROLL SCHEDULE AWARENESS

The administration and all union representative groups are mutually aware that there will be a three-week gap between the final pay date for the 2010-2011 fiscal year and the first pay date for the 2011-2012 fiscal year. The similar gaps have occurred in the past (most recently in 2005) and will continue to occur every 5-7 years due to the odd number of days in the year versus even number of days in a pay period.

9. ACCOUNTS PAYABLE PROCEDURE AWARENESS

In the past three weeks, the Business Office has transitioned to a cyclical process for Accounts Payable, wherein vendor payments are processed and then held for Board approval. The Business Office has been sending notices to all vendors who have received payments. After four weeks' time, vendors in our vendor file who have not submitted an invoice this year will receive the same notice. I expect that the payment process will speed up payments to approved vendors while simultaneously allowing for increased verification, transparency, and timely Board approval. Vendor Notice is attached. *[Attachment 09]*

10. TAX REVENUE ANTICIPATION LOAN (TRAN) PROPOSAL

Included in this report are a Budget Status report and a Cash Flow Status for the current fiscal year. If the course of expenditures over revenues continues as projected, I anticipate that the General Fund will not have enough cash on hand to pay for expenses, while we wait for reimbursements from our numerous federal programs. We are not alone, as several districts and local governments who have a comparatively small percentage in unencumbered / undesignated fund Balance in York County are experiencing the same issue.

To remedy the situation, I am seeking Board authorization to enter into a Tax Revenue Anticipation Note with one of the two banks who are working on proposals. The Local Government Unit Debt Act authorizes school districts to issue Tax and Revenue Anticipation Notes (TRANS) to meet its immediate cash needs in anticipation of the receipt of current taxes and revenues. TRANS are a one (1) year general obligation notes, exempt from federal income taxes.

BE IT RESOLVED: that the Board of directors hereby authorizes the Business Manager / Board Secretary to enter into a Tax Revenue Anticipation Note agreement with one of our approved depository institutions for the purpose of aiding cash flow for the 2010-2011 Fiscal Year.

11. AUDIT UPDATE

Our Local Auditor Zelenkofske Axelrod LLC has submitted a draft audit for the period ended June 30, 2010. I have reviewed the draft findings and am currently working on a draft Management Response. I can say that I had begun the corrections to deficiencies prior to those findings being reported by the auditors:

- Financial Activity / Closing Process: Payments need Board approval prior to being paid. I have placed adequate controls over spending in excess of budgeted amounts by adhering to Board policy and other regulations regarding requisitions, purchase orders and payments – and by greatly limiting pre-payments for items without Board approval..
- Budget Transfers: The District should only approve budget transfers prior to approving purchase orders for various expenditures to ensure funds are available. I review each requisition and only approve those that have adequate funding.
- Cafeteria Aging Receivables: For an accurate representation of receivables, the District should have a procedure in place to age receivables and deem them uncollectable. I have worked with the Food Services department to flag ageing receivables sooner, follow up on payment request, and authorize collection. Further, I have worked with the Technology department to schedule Direct Certification of Free & Reduced-eligible applicants six times per year (rather than once).
- Purchasing Cards: The District employees should be following the policies and procedures documented in the purchasing card manual when utilizing procurement / credit cards. I have greatly reduced District liability by culling credit cards to remove potential liability. Cardholders have been reminded of the procedures and the fact that users must still adhere to the requisition / purchase order requirements for purchases.
- Cash Management for Federal Programs: The District incurs costs for Special Education and utilizes available cash for those expenses. The District submitted for reimbursement only once for the period examined. We now submit for reimbursements quarterly, if not monthly, in order to speed up the reimbursement process and improve overall cash flow management.

12. PROGRESS MONITORING OF FEDERAL PROGRAMS

Attached is a copy of the 90-Day Entry Plan I proposed to the Acting Superintendent during my first meeting with him on November 8, 2010. Most items are complete, four items are in process.

13. MID-YEAR EMPLOYEE ASSESSMENTS

I have performed mid-year Employee Assessments for all staff (except those out on extended leave). Employees were also asked to engage in a "360-Degree" evaluation of the Business Manager.

13. UNINSURED WATER DAMAGE

Approximately four weeks ago, a water pipe in the ceiling of our small building at 101 W. Philadelphia St. broke. The water damaged items that were stored in the building. The former Business Manager did not have the building insured for storage. I am working with a claims adjuster to see if the damage can be rectified through Errors & Omissions or Umbrella portions of our coverage.

13. REFERENDUM EXCEPTIONS 2011-2012 BUDGET

I have applied for the referendum exceptions which have been under consideration since the November 20, 2010 Budget Workshop. I will apprise the Board when the PDE completes its review of our application. *[Attachment 13]*

13. NEXT MEETING

The next regularly scheduled meetings of the Finance Committee is April 11, 2011

Respectfully Submitted

Kenneth L. Medina, MBA

Business Manager / Board Treasurer