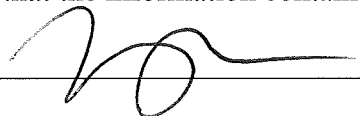


“FINANCIAL CONDITION AND ACTIVITIES” POLICY MONITORING REPORT

TO: The Board of Directors
FROM: Yvonne Walker, Superintendent
RE: INTERNAL MONITORING REPORT – FINANCIAL CONDITION AND
ACTIVITIES
Yearly Monitoring on Policy II-2d: Financial Condition and Activities

I hereby present my monitoring report on your Executive Limitations Policy 2d “Financial Condition and Activities” in accordance with the monitoring schedule set forth in board policy. I certify that the information contained in this report is true.

Signed  Superintendent

Date: 11-17-21

BROADEST POLICY PROVISION

<i>With respect to the actual, ongoing financial condition and activities, the Superintendent will not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from Board priorities established in Ends policies.</i>	In Compliance
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SUPERINTENDENT’S INTERPRETATION: The Superintendent is responsible for all fiscal operations and must insure that appropriate safeguards are in place and being followed. Appropriate internal controls are implemented and supervised by our Business Director. Our administrative team works to insure efficient and responsible use of district funds.

POLICY PROVISION #1: “The Superintendent will not: Fail to settle payroll and debts in a timely manner.”	In Compliance
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SUPERINTENDENT’S INTERPRETATION: Payroll and accounts payable must meet its obligations on the last day of each month. I interpret “timely” to mean paid at the end of each month for bills received by the 15th of each month. All county, state and federal reports and payments must be made in a timely and accurate manner so as not to jeopardize any funding due to the timeliness or accuracy of those reports or filings.

REPORT: Payroll is processed on a monthly basis and employees are paid on the last working day of the month. Contracts and timesheets submitted by the buildings and departments and by employees are audited by the Payroll Department and building/program administrators to ensure accuracy and authorization. The payroll process is completed at least seven working days in advance of payday to ensure that all employees are paid in a timely manner; ninety percent of employees are paid by electronic deposit directly to their bank accounts. For staff participating in this process, it has eliminated late payroll checks due to delayed delivery by the postal service. Payment of income tax deductions, social security taxes and retirement taxes are also submitted electronically in order to ensure timelines.

Debts: Payments to vendors are processed monthly in order to ensure timely payment and eligibility for discounts. All invoices are reviewed and audited to verify receipt of goods or services. We utilize a digital requisition and purchase order process for most payments.

All payments are separated by General Fund, Capital Projects Fund, Transportation Fund or ASB Fund in order to maintain separation of capital and operational items.

Procedures have been established to ensure compliance with generally accepted accounting principles, district policy and governmental laws. Internal controls have been implemented to maintain separation of duties, timely depositing/processing, adequate supporting documentation, and adequate review/supervision.

<i>POLICY PROVISION #2 “The Superintendent will not: Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.”</i>	In Compliance
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SUPERINTENDENT’S INTERPRETATION: All tax and governmentally required payments or report filings must be made in a timely and accurate manner.

REPORT: The district has numerous, county, state and federal reports, grant applications or payments to process. The business department monitors reports and filings that are essential to district operations and/or have funding attached to them. During the last year the district has not lost or jeopardized any funding due to the timelines or accuracy of these reports. Following is a list of the major required reports or grant applications:

- Budget (F195)
- Annual Financial Statement (F196)
- Monthly Financial Reports to Board
- Enrollment reporting for funding
- State, federal and private grant applications/claims
- Payroll reports for taxes and benefits
- Accident and claim reports for insurance purposes

<i>POLICY PROVISION #3: “The Superintendent will not: Expend more funds than have been approved in the annual budget.”</i>	In Compliance
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SUPERINTENDENT’S INTREPETATION: This policy requires that year-to-date expenses not exceed corresponding revenues. Exceptions are subject to debt guidelines stated in this policy, provision #4.

REPORT: See F-196 Financial Statement (attachment A).

<i>POLICY PROVISION #4: “The Superintendent will not: Incur debt in an amount greater than can be repaid by certain, otherwise unencumbered revenues within the current fiscal year, except long-term lease/purchase agreements and service contracts that may extend up to five years.”</i>	In Compliance
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SUPERINTENDENT’S INTREPRETATION: I interpret this to mean that I may not borrow funds or use district assets as security for any purchased contracts. I also interpret regular use of credit cards for meals and incidental expenses to be a reasonable exception.

REPORT: The District has the following debt obligations:

- As of December 31st 2019 the School District had no outstanding property debt obligations.

<i>POLICY PROVISION #5: “The Superintendent will not: Use any board established reserves for any purpose other than directed by the board or provided in the budget.”</i>	In Compliance
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SUPERINTENDENT’S INTREPRETATION: Use of Board’s designated reserve funds is not at my disposal. Utilization of those funds is at the sole discretion of the Board of Directors.

REPORT: The General Fund balance at the end of the 20-21 fiscal year was \$997,142 representing a decrease of \$96,941 in reserve funds. 65,000 of ESSER expenses were not collected before the report but are now deposited in our account.

<i>POLICY PROVISION #6: “The Superintendent will not: Conduct inter-fund loans in amounts that will place the lending fund in a negative cash position and greater than can be repaid by the end of the fiscal year.”</i>	In Compliance
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SUPERINTENDENT’S INTREPRETATION: The Superintendent and fiscal officer have authority to make interfund loans as long as they can be repaid by the end of the fiscal year.

REPORT: No inter-fund loans were made in the 20-21 fiscal year.

<i>POLICY PROVISION #7: “The Superintendent will not: Acquire, encumber or dispose of real property.”</i>	In Compliance
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SUPERINTENDENT’S INTREPRETATION: All decisions regarding the purchase, lease, or sale of land, buildings, are considered to be at the discretion of the board.

REPORT: The District did not acquire or dispose of real property during the 20-21 fiscal year.

<i>POLICY PROVISION #8: “The Superintendent will not: Fail to aggressively pursue receivables after a reasonable grace period.”</i>	In Compliance
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SUPERINTENDENT’S INTREPRETATION: The organization must be vigilant regarding collections. I interpret “receivables” when collected, to be of greater value than the cost of collection (including staff time). I interpret “aggressively” to mean that we turn over the receivables to a collection agency when invoices and phone calls fail to produce results.

REPORT: The district maintains a collection practice to minimize the write off of uncollected accounts. Customers are contacted immediately when the account becomes past due and arrangements are made for payment.

- The most common “collection” issue is with food service payments (or lack of) from parents/families.
 - Staff are instructed to tactfully work with families in order to get these payments made in a timely manner.
 - We have adopted the practice of not denying a student a meal in order to receive payment from parents as the child is not the responsible party.
 - This is compliant with the requirements of our federal food service program and state law.

<i>POLICY PROVISION #9: “The Superintendent will not: Fail to</i>	In Compliance
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<i>maintain a fund balance of the District's annual operational expenditures. The goal will be to maintain a fund balance of one month's operational expenditures."</i>	
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SUPERINTENDENT'S INTREPRETATION: This policy requires that we maintain liquid investments at or above 5%. Additionally, I am challenged to meet an unrestricted reserve balance of one month of operation expenditures which is a figure that changes from year to year.

REPORT: The Board has established a budget guideline that requires the district to maintain a reserve of 5% of the general fund budget. The Board also set a goal to maintain a fund balance equal to one month's operation expenditures and to set aside reserves to meet major facility repairs and equipment purchases.

The fund balance on August 31, 2021 was \$997,142 equaling 9% of the 2020-2021 expenditures (\$10,810,249). Average monthly expenditures in 2020-21 were \$900,854 or \$96,288 less than the fund balance.

Ending general fund balance for fiscal years:

2012/13	\$ 375,870.36
2013/14	\$ 493,014.48
2014/15	\$ 637,899.74
2015/16	\$ 485,554.27
2016/17	\$ 466,413.41
2017/18	\$ 423,500.89
2018/19	\$ 637,341.04
2019/20	\$1,094,082.96

Revised 11/21