
Business and Finance

Past, Present, & Future

MSD of Pike Township School Board Work Session
August 12, 2021



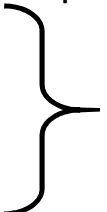
Budget Preparation – Policy 6220

- Policy 6220 – Each year, the School board shall cause to have prepared, reviewed and approved the Education Fund, Operations Fund, Debt Service Fund, and the Rainy Day Fund, which constitute the budget of the Corporation.

CY2021 Notice to Taxpayers

Fund Name	Budget Estimate	Max Est. Funds to be Raised	Excessive Levy Appeals	Current Tax Levy	Levy Change
Rainy Day	\$ 1,000,000	\$ 0	\$ 0	\$ 0	
Debt Service	14,500,000	14,200,000	0	12,064,285	17.7%
Education	72,000,000	0	0	0	
Operations	44,000,000	29,000,000	0	27,260,171	6.38%
TOTALS	\$ 131,500,000	\$ 43,200,000	\$ 0	\$ 39,324,456	9.85%

Budget Presentation – Policy 6220

- ✓ The anticipated transfer from Education Fund to the Operations Fund
 - ✓ The proposed budget expenditure
 - Prior year expenditures as a percent
 - Trend line for prior year expenditures as a percent
- 
- student academic achievement expenditures
 - student instructional support expenditures
 - overhead and operational expenditures
 - non-operational expenditures

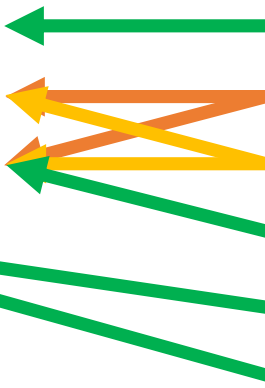
Budget Presentation – Policy vs COA

Policy

- Student academic achievement
- Student instructional support
- Overhead and operational
- Non-operational

Chart of Accounts

- Instruction
- Support Services
- Operation of Noninstructional Services
- Facilities Acquisition and Construction
- Debt Services
- Nonprogrammed Charges



Important to review from an object level (Salaries, Contract Services, Supplies, etc.) as well as a functional level!

Budget Presentation – Policy 6220

- ✓ The anticipated transfer from Education Fund to the Operations Fund
 - ✓ The proposed budget expenditure
 - Prior year expenditures as a percent
 - Trend line for prior year expenditures as a percent
 - Ratio of student instructional expenditures to all other expenditures during the prior school year
 - ✓ The actual expenditure and the approved budget in each financial category for the previous year
- student academic achievement expenditures
 - student instructional support expenditures
 - overhead and operational expenditures
 - non-operational expenditures

Financial Trends 2019 - 2021

in \$Millions	CY 2019				CY 2020				CY 2021			
	Actuals		Budget*		Actuals		Budget*		Actuals		Budget*	
Education Fund	\$ 75.6	64%	\$ 68.0	54%	\$ 78.9	66%	\$ 71.0	56%	\$ 36.2	64%	\$ 72.0	56%
Debt Fund	12.3	10%	16.0	13%	13.1	11%	13.5	11%	8.0	14%	13.3	10%
Operations Fund	29.6	25%	39.5	31%	28.0	23%	41.2	33%	12.0	21%	41.3	32%
Rainy Day Fund	0.0	0%	2.0	2%	0.0	0%	1.0	1%	0.0	0%	1.0	1%
Total Budget Funds	\$ 117.5		\$ 125.5		\$ 119.9	81%	\$ 126.7		\$ 56.1	73%	\$ 127.6	
Other Funds	34.0				28.6	19%			20.9	27%		
TOTAL ALL FUNDS	\$ 151.5				\$ 148.5				\$ 77.0			
Count of funds	106				97							

* Office Budget Order @ <https://www.in.gov/dlhf/county-specific-information/marion/>

Statement of Revenues and Expenditures

Statement of Revenues and Expenditures for Budget Funds for MSD Pike Township FY21 Through 2021.06

Fund Description Fund Number	Education 0101.00	Debt 0200.00	Operations 0300.00	Rainy Day 0610.00	Grand Total All
Revenues					
Local	175,606	7,773,117	15,299,900	-	23,248,624
Intermediate	-	-	-	-	-
State	38,905,818	-	-	-	38,905,818
Federal	52,952	-	-	-	52,952
Other Financing	79,553	-	24,393	-	103,946
Other Items	-	-	-	-	-
Total Revenues	39,213,929	7,773,117	15,324,293	-	62,311,339
Expenditures					
Salaries	24,014,315	-	3,758,841	-	27,773,156
Benefits	10,999,987	-	1,778,938	-	12,778,926
Total Salaries and Benefits	35,014,302	-	5,537,780	-	40,552,081
Purchased Professional and Tech Svcs	866,650	-	192,447	-	1,059,097
Utilities/Purchased Property Services	-	-	1,365,348	-	1,365,348
Repairs and Maintenance	-	-	912,522	-	912,522
Rentals	-	-	139,573	-	139,573
Construction	-	-	-	-	-
Other Purchased Property Services	-	-	-	-	-
Other Purchased Services	-	-	3,225	-	3,225
Communications	13,000	-	140,708	-	153,708
Tuition	41,895	-	-	-	41,895
Other	3,809	-	12,944	-	16,753
Supplies	217,275	-	2,536,443	-	2,753,719
Total Operational Expenditures	36,156,931	-	10,840,990	-	46,997,921
Capital Outlay	19,548	-	1,135,555	-	1,155,103
Other Uses of Funds	9,928	7,960,235	5,612	-	7,975,775
Total Expenditures	36,186,407	7,960,235	11,982,158	-	56,128,799
Revenues Over(Under) Expenditures	3,027,522	(187,118)	3,342,135	-	6,182,540
OTHER FINANCING SOURCES(USES)					
Transfer In(Out)	5,947	-	-	-	5,947
Total other financing sources(uses)	5,947	-	-	-	5,947
Increase(Decrease) in fund balance	3,033,469	(187,118)	3,342,135	-	6,188,487
Beginning Balance	5,331,483	1,070,065	7,858,238	11,000,000	25,259,785
Ending Balance	8,364,952	882,947	11,200,373	11,000,000	31,448,272

Statement of Revenues and Expenditures for the Education Fund
for MSD Pike Township
FY21 through 2021.6 compared to Original Budget

	<u>Current</u>	<u>Encumbrance</u>	<u>Total Recorded</u>	<u>Original Budget</u>	<u>Over (Under) Original Budget</u>
Revenues					
Local	175,606	-	175,606	106,000	69,606
Intermediate	-	-	-	-	-
State	38,905,818	-	38,905,818	77,988,160	(39,082,342)
Federal	52,952	-	52,952	-	52,952
Other Financing	79,553	-	79,553	-	79,553
Other Items	-	-	-	-	-
Total Revenues	39,213,929	-	39,213,929	78,094,160	(38,880,231)
Expenditures					
Salaries	24,014,315	-	24,014,315	48,729,120	(24,729,120)
Benefits	10,999,987	-	10,999,987	20,179,495	(9,179,495)
Total Salaries and Benefits	35,014,302	-	35,014,302	68,922,917	(33,908,615)
Purchased Professional and Tech Svcs	866,650	28,220	894,870	978,785	(83,915)
Utilities/Purchased Property Services	-	-	-	-	-
Repairs and Maintenance	-	64,848	64,848	64,848	0
Rentals	-	-	-	-	-
Construction	-	-	-	-	-
Other Purchased Property Services	-	-	-	-	-
Other Purchased Services	-	-	-	-	-
Communications	13,000	-	13,000	79,500	(66,500)
Tuition	41,895	-	41,895	-	41,895
Other	3,809	-	3,809	-	3,809
Supplies	217,275	352,047	569,322	2,143,914	(1,430,914)
Total Operational Expenditures	36,156,931	445,115	36,602,046	72,046,286	(35,444,240)
Capital Outlay	19,548	-	19,548	46,548	(27,000)
Other Uses of Funds	9,928	79	10,007	12,285	(2,278)
Total Expenditures	36,186,407	445,194	36,631,601	72,105,119	(35,473,518)
Revenues Over(Under) Expenditures	3,027,522	(445,194)	3,472,716	5,989,041	
OTHER FINANCING SOURCES(USES)					
Transfer In(Out)	5,947	-	-	-	-
Total other financing sources(uses)	5,947	-	-	-	-
Increase(Decrease) in fund balance	3,033,469	(445,194)	3,478,663	5,989,041	(2,510,378)
Beginning Balance	5,331,483	-	-	-	-
Ending Balance	8,364,952	(445,194)	3,478,663	5,989,041	(2,510,378)

Statement of Revenues and Expenditures

Fund Balance Trend and Targets



	CY19 Beginning	CY19 Ending	CY20 Ending	CY19	CY20
Education	8,609,213.37	6,778,172.96	5,331,482.74	9.0%	6.8%
Debt	3,696,172.67	1,502,571.83	1,070,064.55	12.2%	8.2%
Operations	8,620,473.05	6,895,680.39	7,858,237.81	23.3%	28.1%
Rainy Day	<u>11,000,000.00</u>	<u>11,000,000.00</u>	<u>11,000,000.00</u>		
	31,925,859.09	26,176,425.18	25,259,785.10		
<i>Rainy Day % of Total Spend</i>		9.4%	9.2%		
<i>Total Balance % of Total Spend</i>		22.3%	21.1%		

	CY19 Spend	CY20 Spend
Education	75,580,489.02	78,858,608.07
Debt	12,337,978.89	13,059,347.84
Operations	<u>29,608,159.51</u>	<u>28,009,096.59</u>
	117,526,627.42	119,927,052.50

Budget Presentation – Policy 6220

- ✓ The anticipated transfer from Education Fund to the Operations Fund
- ✓ The proposed budget expenditure
 - Prior year expenditures as a percent
 - Trend line for prior year expenditures as a percent
 - Ratio of student instructional expenditures to all other expenditures during the prior school year
- student academic achievement expenditures
- student instructional support expenditures
- overhead and operational expenditures
- non-operational expenditures
- ✓ The actual expenditure and the approved budget in each financial category for the previous year
 - The number and category of staff members for the current and the ensuing year
 - An explanation of each item of expense proposed for the ensuing year
- ✓ The sources and amounts of anticipated revenues
- ✓ The anticipated cash balance at the end of the current year
- ✓ An appropriations resolution

National Budgeting Guidelines - Presentation



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

ASBO Meritorious Budget Award

Demonstrate commitment to the community through a reader-friendly budget document and nationally recognized presentation standards.

Executive Summary

- Stand alone, “liftable” summary of the other three sections

Organizational Section

- District demographics, governance, goals, accounting basis, and budget process

Financial Section

- Financial data as listed with underlying explanations of revenue sources, major expenditures, fund balance, and debt.
 - Three prior years actual (comparative)
 - Current budget year
 - Proposed budget Year
 - Three years of forecast data



Informational Section

- Tax rates and collections data
- Enrollment trends and projections
- Personnel allocations
- Bond amortization schedules
- Performance measures

National Budgeting Guidelines - Development



GFOA Best Practice in School Budgeting

Focus on optimizing student achievement within available resources.



Internal Controls

Myth	Fact
Internal controls are all about finance and accounting. We do what the Business Office tells us to do.	Internal controls are integral to every aspect of business.
Internal controls are essentially negative, like a list consisting only of "thou shalt not" statements.	Internal controls make the right thing happen the first time.
Internal controls are a necessary evil. They take time away from our core activities and responsibilities.	Internal controls should be built into, not onto, business processes.
Internal controls result from a strong set of policies and procedures (i.e., "If a policy doesn't exist, we don't have to do it").	Internal controls are based on a <u>strong control environment and solid business practices</u> that are usually supported by policies; however, lack of formal policies does not preclude good business practices.
Internal controls? That's why we have <u>auditors</u> .	Management and departmental personnel are the owners of internal controls.
If controls are strong enough, we can be sure that errors and irregularities will <u>always be detected</u> .	Internal controls provide reasonable, but not absolute, assurance that errors and irregularities will be detected.

Internal Controls – Policy 6111

The Corporation shall have a process that provides reasonable assurance regarding the achievement of the following objectives:

- B. Reliability of reporting for internal and external use; and
- C. Compliance with applicable laws and regulations.

Pike Audit Needs

Current Reality

- SBOA completes bi-annually
- Regulatory focus
- Long process (> 6mo)
- Likely outsource – no choice

Corporation Need

- Bond issuances annually
- Financial health/Internal Control
- Standard process (< 6mo)
- Choose vendor
 - Form Audit Committee
 - Board Member, CPA, Supt Appointee
 - Pass resolution
 - Request authorization from SBOA
 - Choose audit firm
 - Audit of FY2023

Internal Controls – Policy 6111

The Corporation shall have a process that provides reasonable assurance regarding the achievement of the following objectives:

- A. Effectiveness and efficiency of operations;**
- B. Reliability of reporting for internal and external use; and
- C. Compliance with applicable laws and regulations.

Effectiveness and Efficiency of Operations

Current Activities (0-12mo)

- Chartwells oversight
- Warehouse ROI
- Purchase order entry
 - Limit reimbursements
 - Develop P-card program
- Minor reorganization
- Grants in budget process
- Payroll processing

Future Activities (6-36mo)

- Position control
- Salary study
- New HR & Financial system
 - Digital processing
 - Budget holder visibility
 - Employee dashboard



Coordinated with HR

Payroll Changes

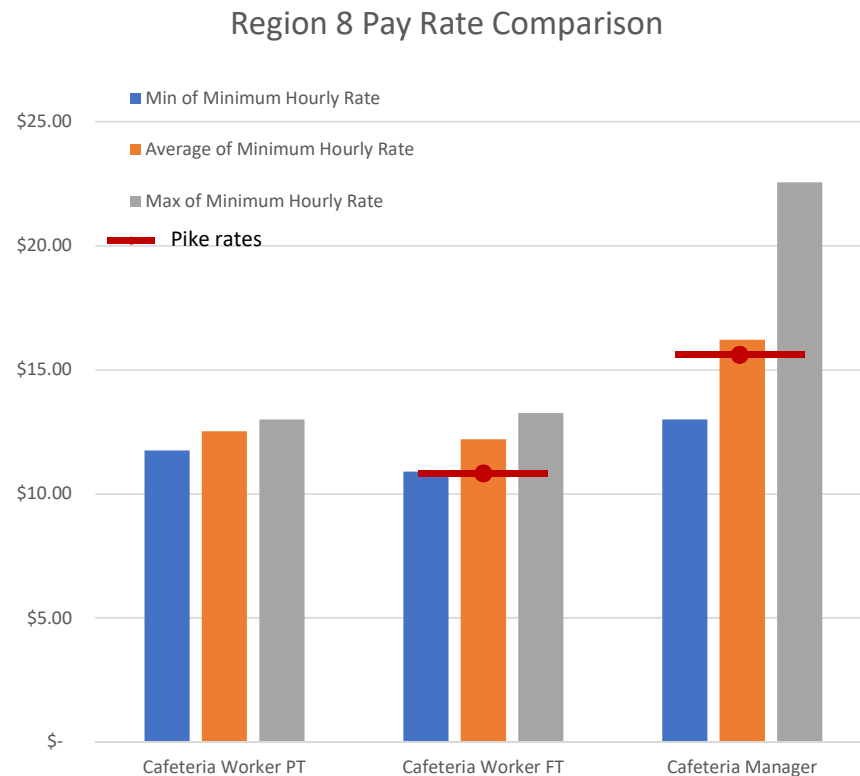
Prior/Current Process

- Six different pay cycles
 - Admin, Teachers (2), Transportation (2), Classified
- 26 or 27 pay periods
 - Variance from year-to-year
- Multiple deduction schedules
 - Limited flexibility

New/Potential Process

- Two pay cycles
 - July or August start
- 24 pay periods
 - Same “dates” annually
- Reduced deduction schedules
 - Ability to add staff midyear
- Processing efficiency

School Nutrition Staff Pay Rates



- Pay rate increase \$2.10
 - \$13.00 – Worker/Cashier
 - \$14.50 – Cook
 - \$15.00 – Driver
 - \$16.00 – Cafeteria Lead
- Loyalty & sign-on bonuses
 - \$250 – Less than 1 year of service
 - \$500 – 1-4 years of service
 - \$750 – 5-9 years of service
 - \$1,000 – 10+ years of service


To PIKE

Chartwells – Program Irregularities

- Report from DOE to Pike on Jun 23 (SFSP – Summer Food Service Program)
- Program review with DOE and Pike on Jun 30
- Records audit by DOE at Pike Jul 5 – Jul 22
- Notification to SBOA; preliminary discussion Jul 30
- DOE final report available Aug 16?
- Action by other agencies TBD
 - CACFP (Child and Adult Care Feeding Program)
 - USDA
 - OIG (Office of Inspector General)

Chartwells – Recent Actions and Next Steps

- Recent Actions
 - New Resident District Manager – Chris Hazelton
 - Increased oversight by Business Office – Maxine Brown
- Next Steps
 - New Pike position
 - Issue RFP this winter/spring

CY22 Budget Overview

Presented at Next Session