

Ludington Board of Education
Public Meeting Notice

Please Post

Mission: The Ludington Area School District, in partnership with parents and community, will educate and empower students to adapt and succeed in their future.

Finance Committee Meeting

Date: February 14, 2018

Time: 7:00 a.m.

Place: Ludington Area School District Administration Office
809 East Tinkham Avenue, Ludington, Michigan

- 1) CALL TO ORDER & ROLL CALL
 Kelly Thomsen Steve Carlson Bret Autrey
- 2) CITIZEN PARTICIPATION
- 3) AGENDA MODIFICATION
- 4) DISCUSSION ITEMS
 - a) State Executive Budget Office Omnibus Budget
 - b) Budget Revision
 - c) Pupil Accounting Audit
 - d) 2015 Payroll Audit Final Report
 - e) Great Start Readiness Preschool (GSRP) Change to Fiscal Year
 - f) Changes to Section 31a At-risk Funding
 - g) Federal Award Procedures Manual
 - h) Bus Purchases
 - i) Mathematics Curriculum Purchase
 - j) Update on Mason County Promise Zone Authority
- 5) OTHER ITEMS OF BUSINESS AND ANNOUNCEMENTS
- 6) ADJOURNMENT

This is a meeting of the Board of Education in public for the purpose of conducting the School District's business and is not to be considered a public community meeting. Official minutes of the Ludington Board of Education are available for public inspection during normal business hours at the Board of Education's Central Business Office, 809 E. Tinkham Avenue, Ludington, Michigan, 231-845-7303. The Ludington Area School District is an equal opportunity employer and provider. If you are an individual with a disability who is in need of special accommodations to attend or participate in a public meeting please contact Superintendent Jason J. Kennedy at 231-845-7303 at least 24 hours prior to the meeting or as soon as possible.

Memorandum - Office of the Superintendent

TO: Board of Education ☐
FROM: Jason Kennedy, Superintendent
RE: Finance Committee Meeting ~ Agenda Notes

State Executive Budget Office Omnibus Budget

The State Executive Budget Office has released the Governor's Omnibus Budget for FY 2019 and FY 2020. This is the first of three budgets to be developed (Executive, House, and Senate). These three budgets will then be used to develop a final conferred budget for the State. The final budget will not be reached until May or June, but this is a good start to the process. The broad picture is as follows:

- \$240/120 on a 2X Increase (Ludington would get \$240 per student)
- \$100 million for the Marshall plan (Used to seed and jump start high tech jobs training in K-12 schools)
- 75% cap on cyber school per pupil foundation allowance
- Funding for career counseling

Budget Revision

As was mentioned at the January Meeting, we were researching whether we could process the recent ORS 3% Lawsuit proceeds through the balance sheet rather than recognizing the money as revenue and expense, which is how we are required to handle State UAAL inflows and outflows. We have learned that we can indeed record the money owed to present and past employees through the balance sheet, which will greatly facilitate yearly comparisons within and between school districts. The General Fund Budget revision recognizes this change; there are no other adjustments made beyond treatment of the lawsuit proceeds.

Furthermore, the Sinking Fund budget revision will be discussed in order to recognize added revenues and expenses relative to our budget presented in June, 2017. We will have a small fund balance in the Sinking Fund, as was originally anticipated.

Pupil Accounting Audit

The pupil accounting audit has been completed. The district lost 0.40 FTE due to a student who takes online classes, being absent on count day. The student was on a hunting trip out west and did not communicate with the district during the required window to do so. Without a two way communication log for the entire six week count period, the full FTE for those classes was deducted. This student was in two high school online classes.

2015 Payroll Audit Final Report

The purpose of a payroll audit is to ensure that all reporting units are submitting complete wage, service, and contribution data on all defined benefit members of the retirement system. A comprehensive payroll audit is conducted to ensure compliance. At this time, no adjustments are required, nor are any corrective action steps from the 2015 payroll audit, which was provided to the District on January 29, 2018.

Changes to Section 31a At-risk Funding

Bruce, Jan, and Amber attended a meeting at the WSESD with MDE officials to review changes to the Section 31a funding requirements. This information will be used to plan for at-risk programming next year. Changes in the requirements will be reviewed with the Finance Committee.

Great Start Readiness Preschool (GSRP) Change to Fiscal Year

We have been made aware that the Michigan Department of Education has decided to align the GSRP fiscal year with an October 1 - September 30 fiscal year, rather than a July - June fiscal year like we are currently on. This will negatively impact our budget by about \$13,000 because we will incur costs through September 30, 2018, while only being reimbursed for 9 months of expenses for the 2017 - 2018 school year. We would count July 2017 through September 30, 2018 as this year, but only be reimbursed for expenses from October 1, 2017 through September 30, 2018. Since the expenses for July through September occur during our 2018 - 2019 school year, we would be reimbursed for only 9 months the first year of the change.

Federal Award Procedures Manual

We will discuss the completed Business Office Procedures and Federal Award Manual. This 63 page document was developed by Bruce to outline our procedures and to ensure compliance with statute. The manual is being reviewed by a senior CPA at Hungerford-Nichols, our auditing firm. This is informational only, but provided to you so that you see the procedures that we follow for handling federal awards.

Purchase of Buses

For 2018 - 2019, we are scheduled to purchase 3 buses as part of our ongoing plan to replace 20 buses over 8 years. These are buses 14 through 16 of 20. One of these buses will replace a transit bus, and is the fourth of four planned transit buses we will purchase. This will be an 84-passenger bus, and will replace our current Bus 99. The additional two conventional buses will seat 77, and will replace newer buses to be determined. We are currently going over bus specifications, and will have competitive bid results for our meeting via the MSBO Bus Purchase Competitive Bid System.

Math Curriculum Purchase

A three-year mathematics order is being proposed by the Mathematics Curriculum Council. The texts and materials would normally cost \$121,735.85, but if we pay for them up front, the vendor is willing to reduce the charge by \$24,346.69. Of the remaining \$97,389.16, \$24,342.29 would be due as a prepaid expense. The remaining \$73,046.87 would be due after June 30, 2018. Dan Mesyar, chair of the mathematics curriculum council, has assured us that the purchase will facilitate this district-wide math program for the next three years. Furthermore, since this program is part of our teaching technology improvements we have been implementing, our intention is to record a portion of the purchase in the Technology Fund.

Mason County Promise Zone Authority

The application was submitted to the Michigan Department of Treasury for review on Thursday, February 8, 2018. After review by Treasury, the application will be forwarded to the Attorney General's Office for legal review. The Department has 60 days to respond in writing; however, it likely will be much sooner than that when we receive the approval or denial of the application.