

Central Bucks School District Business Office Study



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INTRODUCTION

BACKGROUND

PASBO

The PASBO School Business consulting service is dedicated to assisting school entities continuously improve their school business operations through a peer review process in which an experienced team of school business officials is selected to perform an on-site evaluation and analysis required for each unique school consulting project contracted.

METHODOLOGY

Qualified team members under the direction of PASBO (Study Team) conducted

SECTION A: REVIEW OF AUDITS AND FINANCIAL REPORTS

The following documents related to audits and financial reports were review by the PASBO Study Team:

Annual Financial Report Year Ended June 30, 2015 – Independent Auditors’ Report
Annual Financial Report Year Ended June 30, 2014 – Independent Auditors’ Report
Annual Financial Report Year Ended June 30, 2015 – Pennsylvania Department of Education
Annual Financial Report Year Ended June 30, 2014 – Pennsylvania Department of Education
Performance Audit July 2015 – Department of Auditor General
Performance Audit July 2011 – Department of Auditor General

Study Team Comments

The state and local audits are outstanding, which represents best practices in financial reporting. The accounting system used by the business office provides the information necessary to prepare financial reports that present fairly and with full disclosure the financial position and results of financial operations of the CBSD. The expertise in the business office is at a high level resulting in outstanding audits and financial reports.

Commendation

The Management’s Discussion and Analysis information provided in the Financial Section of the Annual Financial Reports for Year Ended June 30, 2014 and Year Ended June 30, 2015 are exceptional, if not the best ever reviewed by the PASBO Study Team. The CBSD Management team reported that after participating in a PASBO webinar on compliance with the Securities and Exchange Commission’s (SEC) continuing disclosure requirements three years ago, it was determined that the District needed to provide more financial data. To comply with SEC requirements, the District expanded the Management Discussion & Analysis section of the yearly audit report to provide further analysis on enrollment trends, tax collection, top real estate tax payers within the district, and percentage of real estate taxes paid past the due date along with a broader general overview of the District.

Transparency

One of the goals of the Management’s Discussion and Analysis section is to increase accessibility of the financial statements to the general public. Tc.32(o)cc of.1(e)c-5(ect425)Tj 0 Tcnr.ease (g)

allows for maintenance of sufficient funds to maintain programs and fund increases in other expenditures, such as PSERS.

School districts with an appropriate fund balance can: (a) avoid excessive short term borrowing thereby avoiding associated interest cost; (b) accumulate sufficient assets to make designated purchases or cover unforeseen expenditure needs; (c) demonstrate financial stability and therefore preserve or enhance its bond rating, thereby lowering debt issuance costs; and (d) pay down debt.

SECTION B: BUDGETING

The following documents related to audits and financial reports were review by the PASBO Study Team:

- 2016-17 General Fund Proposed Budget Report PDE-2028
- 2016-17 General Fund Preliminary Budget Report PDE-2028
- 2016-17 Budget Calendar
- 2015-16 General fund Final Budget Report PDE-2028
- 2014-15 General Fund Final Budget Report PDE-2028

The PASBO Study Team commends the Business Office for best practices in school district budgeting. The budget process reviewed is focused on optimizing student achievement within available resources. The numerous communication tools, including presentations posted on the District's website, is extremely professional and considered a best practice for school districts.

The timeline developed and used by the business office is thorough, accurate, and meets all required deadlines.

Management reported that in the past the budget calendar did not allow for all of the complexities of Act 1 for calculating the days the budget must be available for public display, 20 days, and days between the school board vote on the proposed final budget and the final budget, 30 days, but this process has been corrected for the last 3 budget cycles.

ASBO Meritorious Budget Award

The PASBO Study Team commends the entire business office for achieving the Association of School Business Officials Meritorious Budget Award. Only a small fraction of Pennsylvania school districts have received this prestigious award. The award is given to school districts that demonstrate best practices in budgeting, including accuracy and transparency. Criteria includes a budget document that presents clear budget guidelines, promotes communication between departments and the community, encourages short- and long-range budget goals, and supports effective use of educational resources.

Commendation

The business office has a long range planning process.

Commendation

The business office is able to produce timely and accurate financial reports and scenarios necessary for budgeting, planning, and negotiation of contracts.

SECTION C: PAYROLL, PURCHASING, AND ACCOUNTS PAYABLE

Payroll

- Cash Transmittal Form
- Stipend Forms – 1099 Misc. Forms
- Building Budget Activity Stipend Request
- Instructions for Building Budget Stipend Payments
- Student Activities Stipend Request
- Instructions for Building Budget Student Activity Stipend Payments
- Student Activity Account Carry-over Request
- CBSD Policy 618 Special Activity Funds
- Gift Report Instructions
- Reimbursement Instructions

The Study Team reviewed the District’s accounts payable process and found the process to be effective as outline below:

- Invoices are matched with signed packing slips or building copy of the purchase order before a payment is processed
- Checks are printed and mailed after Board approval for disbursement is given.
- Accounts payable mails the checks to the vendor after it is printed and is responsible for noting the check number on the invoice and packing slip. If there is a need to view the actual check, it can be viewed electronically.
- The accounts payable department is following proper accounting procedures by matching signed packing slips/receiving copies with invoices before processing payments

Commendation: Again the “CB Finance 101” which is used for training purposes for staff members provides a strong overview of these procedures.

There were no identified weakness in accounts payable.

- There is adequate separation of duties for bank reconciliations, access to cash, and record keeping.
- The district has procedures in place to ensure it receives the revenue it is entitled to.
- The district uses monthly billings, overdue notices, an accounts receivable aging report, and the contacting of delinquent debtors as part of its accounts receivable process.
- The individual responsible for the accounts receivable billings is prohibited from completing cash receipt and disbursements duties.

There were no identified weaknesses in accounts receivable.

Tax Manual

Appendix A includes a sample tax manual from the Southern York County School District. The Study Team suggests a similar manual be prepared, approved by the Board, and share with tax collectors during an annual meeting.

District

