

# Ad Hoc Financial Committee Report: 9/15/2015

Springfield Township Board of  
Education

# BOE Members 2014-15

- Andrew Eaton,  
President
- Gregory Madia, Vice  
President
- Joseph Bucs
- Christopher Corbo
- Wade Hale
- Kristen Lippincott
- Michael Ramalho
- Dennis Schmieder
- James Specca

# Administration 2014-15

- Edith Conroy – Chief School Administrator
- Christina Moskal – Business Administrator

# Committee Members

- Joseph Bucs – Chairman
- Kristen Lippincott
- Greg Madia
- Michael Ramalho
- Craig Vaughn, CSA 2015-16

# Committee Purpose

- Review transfers into “Supply” related accounts.
- Review district purchase orders during the last three months of the school year.
- Report observations and raise questions.
- Make recommendations on improvements to reporting.
- Make recommendations on purchasing controls.

# Background

- Board expressed a desire to offset referendum costs in future years.
- Board expressed a desire to have a backup plan in the event referendum didn't pass.
- Board had concern an outgoing administration would spend without diligence.
- Board asked the remaining administration to limit spending pending the arrival of new CSA.

# Background continued

- Board was informed at the Feb. 24<sup>th</sup> meeting there was no money to cut in the budget to offset the cost of the referendum.
- Board was informed at the same meeting we were honor bound to provide a thorough and efficient education.
- Targeted savings discussed by the Board was approximately \$288,000.
- The Board and Administration discussed health benefit savings all year.

# What is a “Supply” account?

- Any account title that contains the word supplies.
- Supply account numbers examined end in 600 or 610. Example: 11-190-100-610
- Areas include their own supply accounts such as Regular Programs, Health Services, Library, Custodial, etc.



<b>Roll up Line</b>	<b>Account</b>	<b>Account Title</b>
Regular Programs-Undistrib Instruction	11-190-100-610	General Supplies
Resource Room/Resource Center	11-213-100-610	General Supplies
Basic Skills/Remedial Instruction	11-230-100-610	General Supplies
Health Services	11-000-213-600	Supplies & Materials
Speech, O/T, P/T & Related Svcs	11-000-216-600	Supplies & Materials
Undistributed Exp-Guidance	11-000-218-600	Supplies & Materials
Undistributed Exp-Child Study Team	11-000-219-600	Supplies & Materials
Improvement of Instructional Svcs	11-000-221-600	Supplies & Materials
Ed Media Services/Sch Library	11-000-222-600	Supplies & Materials
Instr. Staff Training Svcs	11-000-223-610	Inst Staff Training Supplies
Support Svc-General Admin	11-000-230-610	General Supplies
Support Svc-School Admin	11-000-240-600	Supplies & Materials
Central Services	11-000-251-600	Supplies & Materials
Required Maint. for School Fac.	11-000-261-610	General Supplies
Custodial Services	11-000-262-610	General Supplies

# Transfers 2014-15

	A	B	C	D	E
Roll up Line	Account	Account Title	2014-15 Original Budget	2014-15 New Transfers	2014-15 Revised Budget
					=(C+D)
Regular Programs-Undistrib Instructio	11-190-100-610	General Supplies	87,213.00	181,256.04	268,469.04
Resource Room/Resource Center	11-213-100-610	General Supplies	500.00	-344.32	155.68
Basic Skills/Remedial Instruction	11-230-100-610	General Supplies	4,860.00	16,557.00	21,417.00
Health Services	11-000-213-600	Supplies & Materials	1,835.00	5,172.69	7,007.69
Speech, O/T, P/T & Related Svcs	11-000-216-600	Supplies & Materials	0.00	0.00	0.00
Undistributed Exp-Guidance	11-000-218-600	Supplies & Materials	0.00	0.00	0.00
Undistributed Exp-Child Study Team	11-000-219-600	Supplies & Materials	5,329.00	3,053.15	8,382.15
Improvement of Instructional Svcs	11-000-221-600	Supplies & Materials	820.00	5,243.79	6,063.79
Ed Media Services/Sch Library	11-000-222-600	Supplies & Materials	13,032.00	81,947.80	94,979.80
Instr. Staff Training Svcs	11-000-223-610	Inst Staff Training Supplie	0.00	0.00	0.00
Support Svc-General Admin	11-000-230-610	General Supplies	830.00	-534.68	295.32
Support Svc-School Admin	11-000-240-600	Supplies & Materials	0.00	0.00	0.00
Central Services	11-000-251-600	Supplies & Materials	3,150.00	8,022.58	11,172.58
Required Maint. for School Fac.	11-000-261-610	General Supplies	10,000.00	40,901.05	50,901.05
Custodial Services	11-000-262-610	General Supplies	18,500.00	41,244.69	59,744.69
			146,069.00	382,519.79	528,588.79

# Budget 2013-14 (Original vs. Revised)

Roll up Line	A Account	B Account Title	F 2013-14 Original Budget	G 2013-14 Revised Budget
Regular Programs-Undistrib Instructio	11-190-100-610	General Supplies	80,002.00	180,753.90
Resource Room/Resource Center	11-213-100-610	General Supplies	1,500.00	1,594.00
Basic Skills/Remedial Instruction	11-230-100-610	General Supplies	4,500.00	9,720.00
Health Services	11-000-213-600	Supplies & Materials	1,700.00	1,700.00
Speech, O/T, P/T & Related Svcs	11-000-216-600	Supplies & Materials	0.00	0.00
Undistributed Exp-Guidance	11-000-218-600	Supplies & Materials	0.00	0.00
Undistributed Exp-Child Study Team	11-000-219-600	Supplies & Materials	1,000.00	207.79
Improvement of Instructional Svs	11-000-221-600	Supplies & Materials	0.00	2,346.11
Ed Media Services/Sch Library	11-000-222-600	Supplies & Materials	8,032.00	68,119.18
Instr. Staff Training Svcs	11-000-223-610	Inst Staff Training Supplie	0.00	0.00
Support Svc-General Admin	11-000-230-610	General Supplies	1,000.00	1,263.30
Support Svc-School Admin	11-000-240-600	Supplies & Materials	0.00	0.00
Central Services	11-000-251-600	Supplies & Materials	1,000.00	8,280.97
Required Maint. for School Fac.	11-000-261-610	General Supplies	10,000.00	14,527.30
Custodial Services	11-000-262-610	General Supplies	25,000.00	31,504.35
			133,734.00	320,016.90

# Budget 2012-13 (Different System)

Roll up Line	A Account	B Account Title	H 2012-13 Appropriated (Budget)
Regular Programs-Undistrib Instructio	11-190-100-610	General Supplies	115,614.00
Resource Room/Resource Center	11-213-100-610	General Supplies	94.00
Basic Skills/Remedial Instruction	11-230-100-610	General Supplies	2,250.00
Health Services	11-000-213-600	Supplies & Materials	1,892.00
Speech, O/T, P/T & Related Svcs	11-000-216-600	Supplies & Materials	260.00
Undistributed Exp-Guidance	11-000-218-600	Supplies & Materials	N/A
Undistributed Exp-Child Study Team	11-000-219-600	Supplies & Materials	902.20
Improvement of Instructional Svs	11-000-221-600	Supplies & Materials	1,568.00
Ed Media Services/Sch Library	11-000-222-600	Supplies & Materials	8,032.00
Instr. Staff Training Svcs	11-000-223-610	Inst Staff Training Suppli	N/A
Support Svc-General Admin	11-000-230-610	General Supplies	7,595.88
Support Svc-School Admin	11-000-240-600	Supplies & Materials	1,210.32
Central Services	11-000-251-600	Supplies & Materials	906.60
Required Maint. for School Fac.	11-000-261-610	General Supplies	9,194.00
Custodial Services	11-000-262-610	General Supplies	23,528.00
			173,047.00

# Overall Comparison

A	B	C	D	E	F	G	H	I	J	K	L
Account	Account Title	2014-15 Original Budget	2014-15 New Transfers	2014-15 Revised Budget	2013-14 Original Budget	2013-14 Revised Budget	2012-13 Appropriated (Budget)	% Diff 14-15 Revised to 13-14 Revi	\$ Diff 14-15 Revised to 13-14 Revi	2014-15 Budget Change %	2014-15 Budget Change \$
				=(C+D)				=((E-G)/G)	=(E-G)	=((E-C)/C)	=(E-C)
11-190-100-610	General Supplies	87,213.00	181,256.04	268,469.04	80,002.00	180,753.90	115,614.00	48.53%	87,715.14	207.83%	181,256.04
11-213-100-610	General Supplies	500.00	-344.32	155.68	1,500.00	1,594.00	94.00	-90.23%	-1,438.32	-68.86%	-344.32
11-230-100-610	General Supplies	4,860.00	16,557.00	21,417.00	4,500.00	9,720.00	2,250.00	120.34%	11,697.00	340.68%	16,557.00
11-000-213-600	Supplies & Materials	1,835.00	5,172.69	7,007.69	1,700.00	1,700.00	1,892.00	312.22%	5,307.69	281.89%	5,172.69
11-000-216-600	Supplies & Materials	0.00	0.00	0.00	0.00	0.00	260.00	N/A	0.00	N/A	0.00
11-000-218-600	Supplies & Materials	0.00	0.00	0.00	0.00	0.00	N/A	N/A	0.00	N/A	0.00
11-000-219-600	Supplies & Materials	5,329.00	3,053.15	8,382.15	1,000.00	207.79	902.20	3933.95%	8,174.36	57.29%	3,053.15
11-000-221-600	Supplies & Materials	820.00	5,243.79	6,063.79	0.00	2,346.11	1,568.00	158.46%	3,717.68	639.49%	5,243.79
11-000-222-600	Supplies & Materials	13,032.00	81,947.80	94,979.80	8,032.00	68,119.18	8,032.00	39.43%	26,860.62	628.82%	81,947.80
11-000-223-610	Inst Staff Training Suppli	0.00	0.00	0.00	0.00	0.00	N/A	N/A	0.00	N/A	0.00
11-000-230-610	General Supplies	830.00	-534.68	295.32	1,000.00	1,263.30	7,595.88	-76.62%	-967.98	-64.42%	-534.68
11-000-240-600	Supplies & Materials	0.00	0.00	0.00	0.00	0.00	1,210.32	N/A	0.00	N/A	0.00
11-000-251-600	Supplies & Materials	3,150.00	8,022.58	11,172.58	1,000.00	8,280.97	906.60	34.92%	2,891.61	254.69%	8,022.58
11-000-261-610	General Supplies	10,000.00	40,901.05	50,901.05	10,000.00	14,527.30	9,194.00	250.38%	36,373.75	409.01%	40,901.05
11-000-262-610	General Supplies	18,500.00	41,244.69	59,744.69	25,000.00	31,504.35	23,528.00	89.64%	28,240.34	222.94%	41,244.69
		146,069.00	382,519.79	528,588.79	133,734.00	320,016.90	173,047.00	65.18%	208,571.89	261.88%	382,519.79

# Observations

- 2014-15 original budget to revised budget
  - \$382,519.79 increase or 261.88%
- 2014-15 revised budget to 2013-14 revised budget
  - \$208,571.89 increase or 65.18%
- 2014 -15 budgetary change is larger than the entire 2013-14 budget in these line items.

# Questions we should ask

- Why in a declining enrollment environment are we spending more money in supplies?
- Why are we spending so much money on supplies and how does this compare to other districts?
- Have we under budgeted purposely, and if so, why?
- Are we making purchases in incorrect accounts?

# PO Analysis Approach

- All POs from 4/1/2015 to 6/30/2015 were provided to the Board.
- The package of POs was examined for: missing details, incorrect account categorization, and justification.
- Any questionable POs were put into Excel to facilitate tracking and analysis.
- Each PO has the following data elements: Month, Page from Report, PO #, Acct Number, Description, Amt, Purchase Type, Category for Comment, Comment.



# PO Analysis – Equipment

- Equipment - \$13,699
  - John Deere Zero Turn Mower, \$12,485.
  - Chainsaw & Trimmers, \$1,214
- Questions
  - Why did we need a Zero Turn mower when we have a Compact Tractor with a mowing deck?
  - When we have no money in the budget for programs, how do we spend this money on facility equipment?

# PO Analysis – Facility

- Facility – \$62,422 \*
  - 1993 Hallway Carpet 13,755
  - Gym Lights \$15,711
  - Carpet 2 Classrooms \$10,997
  - Tree grinding and removal \$5,400
  - Carpet for Entrance Ways \$3,846
  - Base cove '93 wing \$1,200
- Questions
  - Why would we install new carpet when we'll be opening the ceilings for construction?
  - Why wasn't the tree removal brought to the board as it was last year?

\* Items below do not reflect the total

# PO Analysis - Furniture

- Furniture - \$25,660
- Questions
  - Why are we using general supply accounts to purchase furniture ?
  - Why does the Child Study Team need \$3,333 of new furniture?
  - Why are we buying 100 chairs and various tables when we have equipment in the storage container?
  - Are we replacing or adding furniture such as locking cabinets, desks, and bookcases?
  - In an environment with decreasing enrollment why are we buying this equipment?

# PO Analysis - Technology

- Technology - \$116,882 \*
  - (2) iPad Carts & 2 additional iPads \$32,716
  - (11) HP Chromebooks \$9,339
  - Chromebook cart printers \$953.64
  - Desktop PCs \$17,616
  - (20) UHF Radios, FCC Licensing & Programming \$12,206.
  - Wireless access points \$13,422
  - AVG Anti-Virus \$3077
  - (12) Epson projectors & Swivl projector \$8,490
  - (2) Copiers \$5,782
  - (3) IR Speakers \$5,330

\* Items below do not reflect the total

# PO Analysis - Technology

- Questions
  - Why are we buying iPads? We were told we were moving towards Chromebooks.
  - Why are we buying Chromebook printers when it seems we have sufficient printers in the building?
  - Why are we buying PCs in addition to Chromebooks & iPads?
  - Board was told wireless was completed last year, why are buying more wireless?
  - Who can justify \$12,206 for (20) UHF radios that require an FCC license for a 1 building district?
  - Are we currently licensed for anti-virus? Did anyone check if they were transferrable from the PCs that are being replaced?
  - Why are we buying projectors when we have smart boards?
  - We have copier leases, why are we buying copiers?

# Initial Recommendations

- All purchases must provide a justification and identify if new or replacement.
- Purchases of equipment must provide a financial justification and payback schedule. (value proposition).
- Keep a log of supply consumption.
- Information flow into budget process.
- Need clear rules on which account to use for supplies, technology, and furniture.

# Initial Recommendation cont.

- Establish a workflow process for purchases to be categorized correctly.
- Work with the auditor to validate these findings and obtain suggestions for controls.
- Establish a method to use revised budgets (aka actual spending) to drive the budgeting process.

# Next Steps

- Obtain explanation and/or justification for purchases.
- Conduct comparison to other districts.
- Better understand how the budget was prepared.
- Review the asset inventory provided to the Board.



# Questions