

SCHOOL BOARD WORKSHOP

GADSDEN COUNTY SCHOOL BOARD
MAX D. WALKER ADMINISTRATION BUILDING
35 MARTIN LUTHER KING, JR. BLVD.
QUINCY, FLORIDA

January 26, 2021

4:30 P.M.

This workshop was open to the public and electronically recorded.

The following Board members were present: Mr. Leroy McMillan, Chairman; Mr. Steve Scott; Mrs. Karema D. Dudley; Ms. Cathy S. Johnson. Mr. Charlie D. Frost was present via telephone conference. Also present were Mr. Elijah Key, Superintendent and Secretary to the Board; Mrs. Deborah Minnis, Attorney for the Board; and others.

1. Call To Order

The workshop was called to order by the Chairman, Mr. Leroy McMillan, at 4:32 p.m.

2. Financial Information

Mrs. Wood shared with the Board a power-point presentation outlining dimensions for cost accounting. She stated that dimensions are the building blocks for paying vendors and receiving revenue by the district, and are segments that (when combined with other segments) define an expenditure or revenue as well as Balance Sheet Accounts. She stated that dimensions provide a framework in which reports of data can be generated for the user's needs. She stated that dimensions help the district comply with laws, rules and regulations from the levels of government that fund the district. She stated that the Financial and Program Cost Accounting and Reporting for Florida Schools – "Red Book" is a manual that provides Florida School Districts and charter schools with a uniform chart of accounts for financial, cost and budgetary reporting. She stated that in accordance with Florida Constitution, Florida Statutes, State Board of Education Rules, and School Board Policy. She stated that the 1st Dimension: Fund is 4 digits in Skyward. She stated that the fund structure is described starting on page 4-1 of the Red Book. She stated that the 1st Dimension: Fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, and is separated for the purpose of carrying on specific activities or certain objectives. She stated that the GCSB Funds are 1100 General, 2XXX Debt Service, 3XXX Capital Outlay, 4XXX Special Revenue such as School Food Service and Federal Projects. She stated that the 2nd Dimension: Transaction Type (alphabetic letter in Skyward – 1 letter) are described in the Red Book starting on page 2-1. She stated that the 2nd Dimension: Transaction Type designates the type of account on the district's financial statements – Balance Sheet or Revenue/Expenditure Statement. She stated that the Transaction Types in Skyward software are A = Asset – resources of entity such as Cash; L = Liability – obligations that require the use of resources; Q = Fund Balance – portion that remains after liabilities are subtracted from assets; R = Revenue – income received; and E = Expenditures – payments made for goods and services. She stated that the 3rd Dimension: Function (4 digits in Skyward) are described in the Red Book starting on page 4-16. She stated that the 3rd Dimension: Function is defined as the overall purpose or objective of an expenditure. She stated that the functions are grouped into five broad areas: Instruction 5XXX – Activities dealing directly with the teaching of students, or the interaction between teachers and students; Instructional Support 6XXX – Activities to facilitate and enhance direct instruction and are supplemental to direct instruction; General Support 7XXX – 8XXX – Activities concerning establishing policy, operating schools and providing essential facilities and services for the staff and students; Community Services 9100 – Activities that are not related to providing education for students; and Debt Service, Transfers

and Other 9200+ - Activities related to debt, transfers between funds, and related accounting activities. She stated that the 4th Dimension: Object (4 digits in Skyward) is described in the Red Book starting on page 4-5. She stated that the 4th Dimension: Object is defined as the type of goods or services for which funds are expensed. She stated that the objects are grouped into seven major categories: Salaries 1XXX – Amounts paid to employees of the school system – classified by categories – Administrator, Classroom Teacher, Other Certified, Substitute Teacher, Paraprofessionals, Other Support Personnel and Board Members; Benefits – 2XXX – Amounts paid by the school system on behalf of employees and in addition to gross salary; Purchased Services 3XXX – Amounts paid for services rendered by personnel who are not on the payroll of the district; Energy Services 4XXX – Expenditures for various types of energy; Materials and Supplies 5XXX – Amounts paid for items of an expendable nature that are consumed or worn out; Capital Outlay 6XXX – Amounts paid for acquisition of equipment and other capital assets; and Other 7XXX – Amounts paid for goods and services not previously classified. She stated that the 4th Dimension: Center/Site (4 digits in Skyward) is the official facility number assigned to schools and programs by the Florida Department of Education or for the district’s internal controls. She stated that the 4th Dimension: Center/Site is defined as the location or site where the service is rendered or goods or services are located. She stated that this list is embedded in Skyward and is available from the Finance Department. She stated that the 5th Dimension: Project (5 digits in Skyward) is a dimension that is not prescribed at the State level but is perhaps the most important segment. She stated that the project cost accounting tracks costs to a project in addition to capturing the related revenue for the project. She stated that the basic rules include revenue for a project must be tracked to prove that it was spent on that project. She stated that the general fund project numbers carry from year to year while project numbers in the federal projects fund are solely for the award period and the specific scope of work outlined in the award notification. She stated that the 6th and 7th Dimensions: Subproject and Program (5 digits in Skyward) are not currently being used by the district but are placeholders in the Skyward software. She stated that the 10 digits for these two dimensions must be populated by zeros to complete the cost strings.

a. Revenue Summary Report

Mrs. Wood shared with the Board the district’s revenue summary report. She stated that the district’s original budget for 2020-21 was \$40,200,559, the December 2020-21 monthly activity was \$3,584,310.17, and the FYTD 2020 –21 activity was \$18,889.966.94.

b. Expense Summary Report

Mrs. Wood shared with the Board the district’s expense summary report. She stated that the district’s original expense budget was \$53,964,119.10, the revised budget for 2020-21 was \$54, 545,481.68, the December 2020-21 monthly activity was \$5,643,486.67, 2020-21 FYTD Activity was \$26,625,653.29, the encumbered amount was \$6,279,386.09, and the unencumbered amount YTD was \$20,640,442.30. She also shared with the Board an expense report for the general fund by function.

c. School Food Service Fund Total Balance Year to Date

Mrs. Wood shared with the Board a trial balance sheet for School Food Service. She stated that the FYTD 2020-21 debits were \$15,084,597.77, and the 2020-21 FYTD credits were \$15,084,597.77.

Mrs. Wood updated the Board on the district’s response to Hurricane Michael. She stated that there are two sources of revenue pursued in tandem after a disaster. She stated that the district’s insurance recovery consists of the following: Insurance Company – Florida Municipal Insurance Trust (FMIT) or Florida League of Cities (FLC) and Local Agent – Pat Thomas Insurance Agency; In November 2018, the Board hired Public Adjuster – Mr. Scott Favre – this action removed local agent from adjusting the claim; property covered by insurance at time of disaster = 102 parcels/facilities plus contents totaling \$136,517,705; policy provided that when there is no resolution then process goes to Umpire which occurred using Umpire in Valdosta, GA; in July 2019, the Board contracted for “appraisal services” – George Keys Claims Consultants, LLC – who prepared a Damage Assessment (not appraisal as was described in the initial procurement); insurance recovery to date: \$12,562,611.69; in September, 2020 the

Board hired Attorneys to pursue additional insurance: Goede, Adamczyk, DeBoest & Cross from Naples, Fort Myers, Boca Raton; and the amount in mediation (that the Florida Municipal League has not paid) is \$9,544,979.49. She stated that the Federal Emergency Management Agency (FEMA) works with and through the Florida Division of Emergency Management to secure funding. She stated that 75% federal and 12.5% state with remaining part 12.5% from district funds. She stated that in November 2018, the Board hired FEMA Consultant – Rostan Solutions to help guide the district through the FEMA application and appeals process. She stated that the damage assessments prepared for each facility that sustained damages. She stated that FEMA grouped the damage assessments into 13 projects that are processed through the FEMA review. She stated that the initial FEMA payments were strictly reimbursing district for debris removal and mold/lead/asbestos removal and disposal. She stated that FEMA did not reimburse for personnel costs for clean-up by custodians and maintenance personnel who were paid overtime – FEMA maintained that the district did not have policies and procedures in place to address natural disasters and yet employees were compensated. She stated that FEMA revenue received to date are Federal = \$3,463,633.62; state = \$189,945.20 and total - \$3,653,578.82. She stated that FEMA reduces its payments by insurance recoveries per site/building. She stated that FEMA has not paid any amounts on 7 projects which are “repair or replace” – appeals have been submitted to FEMA through the Florida Division of Emergency Management (FDEM).

Mrs. Wood stated that the Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, identified a significant deficiency in internal control over financial reporting, identified as finding 2020-005, related to the Internal Accounts’ information technology (IT) environment. She stated that as part of the procedures, James Moore, Certified Public Accountants and Consultants, identified the following deficiencies: 1) newer hardware devices may not support outdated software applications, lack of available training for outdated software applications, and difficult to transfer/back up information. She stated that James Moore, Certified Public Accountants and Consultants, stated that the use of outdated accounting software may present security challenges if software is no longer being supported and updated by developers. She stated that James Moore, Certified Public Accountants and Consultants, (independent auditor) recommended the district consider implementation of new accounting software for the internal accounts.

3. Educational Items by the Superintendent

Mr. Key stated that the Finance Department will soon begin to provide weekly updates to the Board.

4. School Board Requests and Concerns

None.

5. The workshop adjourned at 5:43 p.m.