

Southern Huntington County School District

**Business Office and District Office Staffing Levels, Duties,
and Processes Study**



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APPENDIX LIST

ATTACHED AT THE END OF THE REPORT

- APPENDIX A – SAMPLE TAX COLLECTOR COMPENSATION MEODEL AND RESOLUTION
- APPENDIX B – SAMPLE TAX MANUAL
- APPENDIX C – SAMPLE FUND BALANCE REPORT
- APPENDIX D – BUDGET DEVELOPMENT TIMELINE
- APPENDIX E – INTERNAL CONTROLS RECOMMENDATIONS
- APPENDIX F – SAMPLE TREASURER’S REPORT
- APPENDIX G – SAMPLE TAX COLLECTION REPORT
- APPENDIX H – STUDENT ACTIVITY FUNDS GUIDE

INTRODUCTION

The Pennsylvania Association of School Business Officials (PASBO) conducted Business Office and District Office Staffing Levels, Duties, and Processes Study for the Southern Huntingdon County School District. This review was at the request of the School District.

Members of the PASBO Team, includes:

Wayne McCullough, DBA, PCSBA

Dr. McCullough is the Executive Director for PASBO. Prior to his current position with PASBO, Dr. McCullough was the Chief Financial & Operations Officer and Board Secretary at the Southern York County School District. As Chief Financial & Operations Officer, he was responsible for all business functions, human resources, technology, operations and maintenance, food service, student transportation, public relations and marketing, safety and security, and community education programs. Southern York County School District was awarded PASBO's Gold Award of Excellence in School Facilities in 2010 and again in 2013.

Dr. McCullough has served as President, Vice-President, and a Director on PASBO's Board, Chair of PASBO's Facilities Committee, and Chair of PASBO's Materials Management (Purchasing) Committee. Dr. McCullough is the author of the "Elements of Facilities Management" and co-author of the "Elements of Student Transportation." He received PASBO's 2003 Award of Achievement in recognition of the outstanding practice: "A Guidance Document for Planning, Design, and Construction of Major Projects Using the Design Team Concept and the 2013 Award of Achievement for the program, "Cooperative Services Agreement between Two Non-Profit Organizations." Dr. McCullough was named the 2013 recipient of PASBO's prestigious Gary Reeser Memorial Award, for the outstanding school business official in Pennsylvania.

Dr. McCullough serves as an adjunct professor for Wilkes University's Master of Business Leadership program – developing curriculum and teaching courses related to facilities management, student transportation, technology, and purchasing.

Jeff Ammerman, MBA, PCSBA

Jeff is the Director of Member Assistance for PASBO. Prior to his current position with PASBO, Jeff was the Business Manager at Coatesville Area School District and Elizabethtown Area School District. He graduated with a BS in Economics in 1988 from Penn State University and an MBA from Penn State University in 2004. Jeff also worked as Business Manager at State College Area School District, Philipsburg-Osceola Area School District and South Middleton School District. He also served as Director of Member Assistance for PASBO from 2012-2017.

PASBO

PASBO has been conducting School Business Administration Consulting Services since 1994 and to date and has completed staffing and operational reviews of:

- School Business Operations
- Transportation Operations
- Facilities and Custodial Operations and Staffing
- Purchasing Operations
- Technology Operations
- Human Resource Operations
- Administrative Staffing
- Child Accounting
- Educational Foundations
- Health Insurance Programs

BACKGROUND

Southern Huntington County School District is located in Huntington County, Pennsylvania. The District reported approximately 1,100 students and 90 faculty members. In addition, approximately 60 support staff are employed by the District. The District encompasses approximately 221 square miles.

The Superintendent is Mr. Dwayne Northcraft. Mr. Northcraft has served in this capacity since 2016.

The Business Manager is Ms. Hillary Lambert. Ms. Lambert has served in this capacity since April 2020.

The most recent Performance Audit conducted by the Pennsylvania Auditor General's Office was August 2016 for the period July 1, 2011 through June 30, 2015. The audit resulted in no findings.

SCOPE OF WORK

PASBO was contracted to conduct a study of the staffing levels, duties, and processes for the following operational areas of the District: business office, technology, human resources, and central administrative offices.

The study will include a comprehensive review to analyze human resource utilization and needs and provide recommendations for staffing levels and duties to align with District needs and goals. Analysis will include benchmarking data for peer school districts and best practices for each operational area studied.

SUMMARY of DATA

Function: **1100 REGULAR PROGRAMS – ELEMENTARY / SECONDARY**

District: **Southern Huntingdon County SD**

Year: **2019**

This district spends **\$5,783.19** per student on this budget item. This ranks in the **4%** percentile of all districts.

Function: **1200 SPECIAL PROGRAMS – ELEMENTARY / SECONDARY**

District: **Southern Huntingdon County SD**

Year: **2019**

This district spends **\$2,074.15** per student on this budget item. This ranks in the **22%** percentile of all districts.

Function: **1300 VOCATIONAL EDUCATION**

District: **Southern Huntingdon County SD**

Year: **2019**

This district spends **\$747.13** per student on this budget item. This ranks in the **83%** percentile of all districts.

Function: **1400 OTHER INSTRUCTIONAL PROGRAMS – ELEMENTARY / SECONDARY**

District: **Southern Huntingdon County SD**

Year: **2019**

This district spends **\$184.26** per student on this budget item. This ranks in the **75%** percentile of all districts.

Function: **1500 Nonpublic School Programs**

District: **Southern Huntingdon County SD**

Year: **2019**

This district spends **\$0.00** per student on this budget item.

Function: **1600 ADULT EDUCATION PROGRAMS**

District: **Southern Huntingdon County SD**

Year: **2019**

This district spends **\$0.00** per student on this budget item.

Function: **1700 Higher Education Programs**

District: **Southern Huntingdon County SD**

Year: **2019**

This district spends **\$0.00** per student on this budget item.

Function: **1800 PRE-KINDERGARTEN**

District: **Southern Huntingdon County SD**

Year: **2019**

This district spends **\$0.00** per student on this budget item.

Function: **2100 SUPPORT SERVICES – STUDENTS**

District: **Southern Huntingdon County SD**

Year: **2019**

This district spends **\$394.77** per student on this budget item. This ranks in the **13%** percentile of all districts.

Function: **2200 SUPPORT SERVICES – INSTRUCTIONAL STAFF**

District: **Southern Huntingdon County SD**

Year: **2019**

This district spends **\$553.87** per student on this budget item. This ranks in the **60%** percentile of all districts.

Function: **2300 SUPPORT SERVICES – ADMINISTRATION**

District: **Southern Huntingdon County SD**

Year: **2019**

This district spends **\$925.93** per student on this budget item. This ranks in the **27%** percentile of all districts and **33%** percentile of all districts in Huntingdon County. The median in Huntingdon County is \$995.26 per student.

Function: **2400 SUPPORT SERVICES – PUPIL HEALTH**

District: **Southern Huntingdon County SD**

Year: **2019**

This district spends **\$170.14** per student on this budget item. This ranks in the **31%** percentile of all districts.

Function: **2500 SUPPORT SERVICES – BUSINESS**

District: **Southern Huntingdon County SD**

Year: **2019**

This district spends **\$258.52** per student on this budget item. This ranks in the **55%** percentile of all districts and in the **67%** percentile of all districts in Huntingdon County. The median per student expended in Huntingdon County is \$242.00

Function: **2600 OPERATION AND MAINTENANCE OF PLANT SERVICES**

District: **Southern Huntingdon County SD**

Year: **2019**

This district spends **\$1,456.45** per student on this budget item. This ranks in the **57%** percentile of all district and in the **100%** percentile of all districts in Huntington County. The median per student expended on this budget item is \$1,127.14 in Huntington County.

Function: **2700 STUDENT TRANSPORTATION SERVICES**

District: **Southern Huntingdon County SD**

Year: **2019**

This district spends **\$1,134.29** per student on this budget item. This ranks in the **72%** percentile of all districts and in the **100%** percentile of all districts in Huntington County. The median per student expended on this budget item is \$957.09 in Huntington County.

Recommendation: The District consider doing an RFP for transportation services.

Function: **2800 SUPPORT SERVICES – CENTRAL**

District: **Southern Huntingdon County SD**

Year: **2019**

This district spends **\$1.82** per student on this budget item. This ranks in the **12%** percentile of all districts.

Function: **2900 OTHER SUPPORT SERVICES**

District: **Southern Huntingdon County SD**

Year: **2019**

This district spends **\$0.14** per student on this budget item. This ranks in the **12%** percentile of all districts.

Function: **3100 Food Services**

District: **Southern Huntingdon County SD**

Year: **2019**

This district spends **\$662.34** per student on this budget item. This ranks in the **84%** percentile of all districts.

Function: **3200 STUDENT ACTIVITIES**

District: **Southern Huntingdon County SD**

Year: **2019**

This district spends **\$243.81** per student on this budget item. This ranks in the **13%** percentile of all districts. Note: This is athletic related expenses.

Function: **3300 COMMUNITY SERVICES**

District: **Southern Huntingdon County SD**

Year: 2019

This district spends \$0.00 per student on this budget item.

Function: 4000 Facilities Acquisition, Construction and Improvement Services

District: Southern Huntingdon County SD

Year: 2019

This district spends \$0.00 per student on this budget item.

TECHNOLOGY (YEAR 2019 - CENTRAL PA FROM NY TO WV BORDERS)

The average number of devices per technology staff member is 535.

The average number of students per technology staff member is 285.

The average technology budget as a percentage of the entire school district budget is 2.49%

- 2019 – Total Budget \$16,986,551, Total IT Expenses \$357,247 = 2.10%
- 2020 – Total Budget \$17,096,769, Total IT Expenses \$269,666 = 1.58%

Recommendation: The District should consider bringing technology services in house in order to provide leadership and better services in this critical area. We believe this can be accomplished without additional expense.

TRANSPORTATION RECOMMENDATIONS

These recommendations are an effort to reduce costs associated with transportation services and increase subsidy for the District.

1. **The PASBO Team recommends:** consideration of doing an RFP for student transportation services. This process should begin in the fall of 2021-22 for a contract period beginning 2022-23.
2. We reviewed the Board policy regarding pupil transportation and note that is highly unusual to have a provision allowing for transfer of bus contracts with spouse and children. The current policy was last revised in 2004. **PASBO recommends:** reviewing and updating the transportation policy to align with PSBA recommendations. This should be completed prior to doing an RFP. We are more than happy to provide sample policies and recommendations.

BUSINESS OFFICE STAFFING

Employee #1: Business Manager

Employee #2: Payroll (exempt)

Employee #3: Business Office Secretary/Transportation (Approx. 30-40% is transportation, depending on time of year. Other work includes processing purchase orders and reconciling of real estate taxes).

Accounts Payable: The person who filled this position has retired and has not been replaced. As a result, all three business office employees have parts of accounts payable responsibilities added to their roles.

Accounts Receivable: The business office secretary handles accounts receivable with support from the payroll clerk. This work includes accounts receivable from 12 tax collectors, which do not use remote deposit. (business office secretary handles with Payroll clerk) 12 tax collectors with no remote deposit, county bills

Recommendation: Eliminate maintenance secretary and create business office position to do accounts payable and assist in benefits. It is our experience that it is highly unusual for a school district of your size to have a full-time secretary dedicated to maintenance operations. This would include transferring the existing employee. This will also provide redundancy in payroll. Consider 25% allocation to maintenance, as long as the District maintains operation of the on-site sewage plant. This person should also be used to assist with food services accounts payable and implementation of PDE recommended food services software.

BOARD SECRETARY

The Board Secretary is currently a position that reports to the Superintendent. A typical model for school districts is for the Business Manager to serve as the Board Secretary with clerical support from the Superintendent's Secretary.

PASBO recommends: shifting the Board Secretary responsibilities to the Business Manager, with clerical support provided by the Superintendent's Secretary. The existing Board Secretary employee can be used to provide additional technology support, including the District's software. This process should include eliminating the Board Secretary position and creating the new technology position. This would be a transfer of the existing employee. It is our experience that is extremely unusual to have a full-time Board Secretary for school districts of similar size, which is usually only in place at very large school districts.

REVIEW OF AUDITS AND FINANCIAL REPORTS

PASBO Comments:

The state and local audits are very good, 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. The expertise in the business office is at a high level resulting in outstanding audits and financial reports.

Recommendation: The District should post the yearly audit reports on the website. If not already developed by the district, SHCSD should consider using 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. The other sections of the financial reports are technical in nature and specialized in governmental accounting.

Board Reports: PASBO will provide samples of recommended Board reports related to finances. These are found in Appendix F.

FUND BALANCE

PASBO commends: SHCSD for having an appropriate fund balance. In addition, PASBO commends the School District for having a fund balance policy. The policy states, "if the unassigned portion of the fund balance falls below the threshold of five percent (5%) of budgeted expenditures, the Board will pursue options for increasing revenues and decreasing expenditures, or a combination of both until five percent (5%) is attained. If the unassigned portion of the fund balance exceeds sixteen percent (16%) of budgeted expenditures, the Board may utilize a portion of the fund balance by appropriating excess funds for expenditures. The goal shall be to use any excess fund balance for nonrecurring expenditures; not for normal operating costs."

PASBO recommends: The District administration collaborate with the Board to develop a plan for all assigned fund balances.

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.

Recommendation: We recommend the business office provides a monthly fund balance report to the Board.

BUDGETING

Recommendation: PASBO recommends posting budget timelines, budget presentation materials, proposed and final budgets, and annual financial reports on the District's website.

Recommendation: PASBO recommends a document budget development timeline to include all stakeholders.

BUDGETING FOR CHARTER SCHOOLS

Charter schools are a relatively recent addition to the organizational landscape, having been created by Act 22 of 1997. School districts calculate per-student charter school funding rates based upon expenditures included in their budgets submitted to PDE prior to the beginning of the school year.

Recommendation: Because of the process for calculating charter school tuition, the District should budget precisely based on actual expenses and salaries. The figure should be realistic, but not inflated to meet unanticipated expenses. The District should build in contingency amounts in the 5000 series for unanticipated expenses.

TAX COLLECTION

Recommendation: While tax collectors and procedures for collecting taxes are not specific to the revenue source, it does affect the timing and management of cash flow. In order to maximize collections and cash flow, PASBO recommends adoption of a tax collection manual to give procedural guidance to tax collectors. The goal is to increase the overall percentage of real estate tax collection, which would generate additional revenue. A sample tax collection manual detailing tax collector responsibilities is included as Appendix G in this report.

PASBO also recommends approval of a tax collector "Resolution Establishing Tax Collector Policies for Elected Tax Collectors" found below. A sample is found below. The current real estate tax collection rate is approximately 88-89%. The goal is to increase the collection rate through well-defined policies and procedures.

Tax collectors are elected in municipal elections to serve four-year terms. These collectors are empowered to collect taxes authorized by the Public School Code, including real estate tax.

Tax collector qualifications for most municipalities (like school director qualifications) are minimal - 21 years of age and a resident of the electing jurisdiction for one year. Tax collectors may not hold other elected offices.

There is no education requirement or certification, although the Pennsylvania Department of Community and Economic Development administers a voluntary qualification program

involving a competency test, one-year registration and an annual ten-hour continuing education requirement.

Tax collector terms for most municipalities run for four-years effective the first Monday in January following election (although for school districts, the following July 1 is the relevant date). Tax collectors are the only elected officials whose duties continue after their terms officially expire, continuing “in office” with powers to collect taxes and receive compensation until their accounts are settled.

Recommendation: Approve the tax collector resolution found below and review the document with elected tax collectors. Again, the goal is to increase the percentage of tax collection and improve cash flow. PASBO is willing to help with this process.

RESOLUTION ESTABLISHING TAX COLLECTOR POLICIES FOR ELECTED TAX COLLECTORS

SOUTHERN HUNTINGTON COUNTING SCHOOL DISTRICT

Resolution Establishing Tax Collector Policies For Elected Tax Collectors

Background. On _____, the school district adopted a Resolution Establishing Tax Collector Compensation. This prior resolution established the compensation for elected tax collectors, established rules and procedures for all tax collectors, and provided for the future adoption by the school district of additional policies for collection of school taxes. The purpose of this resolution is to establish additional policies.

RESOLVED, by the board of school directors, that the following tax collector policies are adopted as policies of the school district applicable to elected tax collectors:

1. **Qualified Tax Collector Certification:** All tax collectors are required to be “qualified tax collectors” under the program administered by the Pennsylvania Department of Community and Economic Development. [72 P.S. § 5511.4f]
2. **Minimum Qualification Steps:** Prior to the first calendar year of any new term of office, the tax collector will:
 - a. Provide evidence satisfactory to the school district of having given the required oath. [65 P.S. § 224]
 - b. Provide evidence satisfactory to the school district of having given the required bond. [72 P.S. § 5511.4]
 - c. Provide evidence satisfactory to the school district of possession of a Qualified Tax Collector Certificate [72 P.S. § 5511.4f]; criminal history background information report [72 P.S. § 5511.4e]; and appointment of a deputy [72 P.S. § 5511.22].

- d. Advise the school district in writing of the location of the tax collector's tax collection office and office hours. [72 P.S. § 5511.13]
3. **Office Hours**: The tax collector will at a minimum, from July 1 through December 31, maintain office hours on Monday through Friday from 9:00 a.m. through 3:00 p.m. and on Saturday from 9:00 a.m. through noon. [The tax collector will offer at least two days with evening hours from 3:00 p.m. to 6:00 p.m.] [72 P.S. § 5511.13 mandates only 3 days of each week during the last 2 weeks of the discount period.]
 4. **Tax Bill Form**: The tax bill will be in form provided by the school district, and will state the tax collector office location and hours and, except as otherwise provided below, that taxes will be payable to the tax collector.
 5. **Tax Duplicate**: The school district will provide the tax collector with the tax duplicate for real estate taxes on or before July 1 of each year, and will prepare and mail real estate tax bills to all taxpayers before or promptly after July 1 of each year. [The school district will prepare the tax bills and deliver bills in envelopes to the tax collector for mailing. The tax collector will be responsible for sorting, stuffing, mailing, and follow-up to ensure that taxes are collected.] [24 P.S. § 6-681] [72 P.S. § 5511.6 says that the tax collector will notify owner.] The tax collector must provide taxpayer duplicate information to any requesting escrow fund company, and cooperate in establishing arrangements for electronic payment of tax amounts by the company and payment receipt by the tax collector.
 6. **Interim Tax Bills**: Additions to the duplicate may be made during the year after major improvements to a real estate parcel have been completed. In such event, the school district will prepare and mail interim real estate tax bills and provide the tax collector with the additions to the duplicate. [In such event, the school district will prepare the tax bills and deliver bills in envelopes to the tax collector for mailing. The tax collector will be responsible for sorting, stuffing, mailing, and follow-up to ensure that taxes are collected.] [24 P.S. § 677.1] [Statute says that tax collector shall notify owner.] The tax collector must collect and maintain records for interim tax bills.
 7. **Installment Payments**: The tax collector will allow taxpayers to pay tax according to the school district real estate tax installment payment plan. [53 P.S. § 6916.1501-1505]
 8. **Tax Collector Records**: The tax collector shall keep with respect to each real estate parcel an ongoing account of all taxes collected to date, designating the amount of tax paid by each taxpayer, the property parcel number, the property parcel address, discounts granted and penalties applied, and the date of payment. [72 P.S. § 5511.4c, 5511.25]
 9. **Investigation and Resolution of Taxpayer Inquiries**: The tax collector shall investigate and respond to taxpayer inquiries. The tax collector shall direct taxpayers to the proper government agency for tax assessment issues.
 10. **Taxpayer Receipts**: The tax collector shall furnish each taxpayer on payment of taxes a receipt providing the date of payment, name of taxpayer, amount of taxes paid, and identification of the real estate parcel. A separate receipt shall be issued for each real estate parcel. Where payment of taxes is made by mail, a receipt shall be required to be furnished only if the taxpayer encloses with the payment a self-addressed and stamped envelope for the return of the receipt. [72 P.S. § 5511.14]

11. **Unpaid Tax Notice:** The tax collector shall prepare and mail notices to taxpayer with unpaid balances at the end of the face/base collection period. Unpaid tax notices should be mailed the first week of the penalty collection period.
12. **Requirements for Deposit of Tax Funds:** Unless an account has been opened in the name of the school district and to which the school district has immediate access as provided below, the tax collector must deposit tax funds in a financial institution insured by a federal depository insurance program and satisfactory to the school district. All tax funds collected by the tax collector must be deposited on the day of receipt. All tax funds in a tax collector bank account in excess of federal insurance limits must be collateralized in the same manner as school district funds. The tax collector is responsible to require and verify collateralization of deposits. Unless wire transfer or other similar arrangements are made for immediate deposit of tax funds to a school district account, the tax collector must maintain a bank account for the deposit of all school taxes at a bank at which the school district maintains a school district bank account.
13. **Payments to School District:** The tax collector must pay over daily to the school district all school real estate taxes collected. [72 P.S. § 5511.25] Unless an account has been opened in the name of the school district and to which the school district has immediate access, all tax funds must be paid over prior to noon on the working day following the day of receipt of the tax payment by the tax collector. The manner of daily payment shall be determined in consultation with and shall be satisfactory to the school district Business Administrator.
14. **Option for Deposit of Taxpayer Payments Directly to School District Account:** As a convenience and benefit to both the school district and the tax collector, the tax collector may, and is encouraged to, deposit taxpayer payments directly into a bank account opened by the school district in the name of the school district and to which the school district has immediate access. If the tax collector elects this option:
 - a. The tax collector shall advise the school district of the election in writing by November 30 of the year in which the tax collector is elected. If there is no elected tax collector and the municipality appoints a person to fill the vacancy and serve as tax collector, the appointed tax collector shall advise the school district of the election in writing within 30 days after appointment.
 - b. The tax collector shall in the written election advise the school district whether the tax bill should state that tax payment checks should be made payable to the tax collector or to the school district.
 - c. The school district will open a separate bank account for deposit of tax funds collected by the tax collector, and will provide the tax collector with deposit slips.
 - d. All tax payment checks collected by the tax collector must be endorsed for deposit to the school district account if required by the bank.
 - e. All tax funds collected by the tax collector must be deposited on the day of receipt.
 - f. If the tax collector finds that a taxpayer has made a duplicate payment or otherwise overpaid the amount owed, the tax collector shall provide the school district a written explanation and request for refund. Upon receipt of information

satisfactory to the school district, the school district will issue and deliver a refund check payable to the taxpayer in the amount of the overpayment.

15. **Interest Earnings:** Any interest earned by the tax collector on tax funds belongs to the school district, not to the tax collector, and shall be paid over to the school district within ten (10) days after the tax collector receives credit from the financial institution for such interest. [72 P.S. §§ 5511.25, 5511.39]
16. **Interest Payable by the Tax Collector on Tax Funds Paid Late:** If the tax collector fails to pay over any tax funds by the time provided above, the tax collector shall pay to the school district from the date the amount was payable interest at the rate of 6% per annum until the date of payment to the school district, minus any interest earned on such funds and paid over to the school district. [41 P.S. § 202]
17. **Tax Collector Reports:** Tax collectors are encouraged to report tax collections daily in electronic form satisfactory to the school district. At minimum, the tax collector shall, prior to noon on Friday of each week, make and deliver to the school district a written statement in form satisfactory to the school district reporting all taxes collected through and including the Thursday preceding the date of the report. The report shall include the name of each taxpayer, the property parcel number, the property parcel address, the date of payment by each taxpayer, the amount collected from each taxpayer, along with discounts and penalties applied, if any, and the total amount of taxes received from all taxpayers and discounts and penalties applied since the last report. The tax collector shall include with each report a reconciled tax collector's report for each type of tax collected. The report shall be reconciled with the tax duplicate to show the amount of taxes remaining to be collected. The report shall also include any interest credited to the tax collector on the tax funds. [72 P.S. § 5511.25]
18. **Penalty for Delinquent Report:** If a tax collector does not provide the required reports, within the required time period, the tax collector shall pay to the school district a fee of twenty (\$20) dollars for each day or part of a day, excluding Saturdays, Sundays, and holidays, for the first six (6) days that a report is overdue; and the fee shall be ten (\$10) dollars for each day or part of a day, excluding Saturdays, Sundays, and holidays, for each day after the 6th day that a report is overdue. The maximum fee payable with respect to any delinquent report shall not exceed two-hundred-fifty (\$250) dollars. A delinquent report shall not be considered filed until all fees owed have been paid. [72 P.S. § 5511.25]
19. **Final Settlement:** The tax collector shall make final settlement of the tax duplicate with the school district Business Administrator on or before January 2 of each year for the prior calendar year (or if such day is a Saturday, Sunday, or holiday, the next day which is not a Saturday, Sunday, or holiday). [72 P.S. § 5511.26]
20. **Return to Tax Claim Bureau:** The tax collector shall comply with all requirements of the Real Estate Tax Sale Law, including making a return of any unpaid taxes to the _____ County Tax Claim Bureau on or before April 30 of each year, or such earlier date established by the _____ County Commissioners.
21. **Access to Tax Collector Books and Records:** Books and accounts of the tax collector shall be open to inspection by the school district or its auditors at any time upon request

- by the school district. The records, periodic reports, and final account of the tax collector shall be audited by the school district auditors. [72 P.S. § 5511.26]
22. **Tax Certifications:** The tax collector will provide certifications as to taxes due or paid for any real estate parcel promptly on request by third parties, and may charge a fee for such certifications not to exceed **[ten (\$10)]** dollars for each certificate.
23. **Payment of Compensation and Reimbursement of Expenses to Tax Collector:** The tax collector shall submit a bill to the school district for compensation relating to taxes collected and paid over to the school district, at the rate established by the school district, and any reimbursable expenses of the type required to be paid under the Local Tax Collection Law and approved in advance by the school district. The Local Tax Collection Law requires the school district to pay tax collector expenses for postage and printing of tax bills. Because the school district will print and mail tax bills, it is unlikely a tax collector will incur any reimbursable expenses, except for postage paid for delinquency notices. If the tax collector expects to incur any reimbursable expenses, the tax collector should consult with and obtain advance approval by the school district before incurring the expense. No compensation or reimbursement will be paid if at any time a tax collector is not in compliance with these tax collector policies. [72 P.S. §§ 5511.32, 5511.33, 5511.34, 5511.35]
24. **Additional Requirements in the Event of Tax Collector Noncompliance:** If at any time a tax collector is not in compliance with these tax collector policies, the school district by written notice to the tax collector may require that the tax collector deposit all future tax funds in a bank account opened by the school district in the name of the school district and to which the school district has immediate access as provided above. This requirement will apply for the current school year and all future school years during which the tax collector remains in office.
25. **Legal Compliance:** The tax collector will make all reports and comply with all provisions of the School Code, the Real Estate Tax Sale Law, the Local Tax Collection Law, and any other applicable laws.
26. **Compliance with Policies, Rules, Guidelines, and Procedures:** All tax collectors and any deputy shall comply with all policies, rules, guidelines, requirements, and procedures, as previously or in the future adopted by or pursuant to authority delegated by the school board for collection of school taxes or otherwise applicable to elected tax collectors.
27. **Prior Resolutions or Rules:** This resolution establishing tax collector policies for elected tax collectors shall supersede and replace any previously adopted tax collector policies or rules for elected tax collectors to the extent inconsistent with such previously adopted policies or rules.

Recommendation: PASBO recommends a tax collection report be provided to the Board on a monthly basis. A sample of this report is included as Appendix A. In addition to tracking the collection rates and amounts, the report includes important information regarding the value of the tax duplicate.

PAYROLL, PURCHASING, AND ACCOUNTS PAYABLE

Payroll: Payroll administration is the most visible function of the school district's business operation and employees tend to shape its view of the business operation (and central administration) as a correlation to the payroll operation. The goal of every business office function is to get everything right, but it is particularly important that the payroll be right.

On average, payroll expenditures and related benefits account for nearly 70% of a school district's operating budget; there is nothing in an LEA accounting function that approaches the complexity of its payroll operation; there is no other single expenditure category that drives the budget or defines demand on taxpayers; there is no aspect of school operation where an error will be so immediately noticed, or the business office's work so meticulously scrutinized by hundreds of "internal" auditors on a semi-monthly basis, as with payroll. For example, payroll deductions alone include the following: (a) federal income taxes, (b) state income taxes, (c) earned income tax, (d) PA retirement system, (e) tax sheltered annuities, (f) unemployment compensation, (g) employee insurance contributions, (f) other voluntary deductions, and (g) wage attachments.

PASBO recommends: Cross training of another employee in these processes. This process can be achieved with a transfer of staff previous discussed.

PURCHASING

The Purchasing function at SHCSD is an integral part of everyday business office operations. The Business Office is responsible for the prudent procurement of goods and services through the implementation of policies and procedures that are in place through Federal and State law as well as District policy.

The goal of the Business Office at RSD is to continuously ensure that the District is receiving the best possible pricing from its vendors to maximize taxpayer dollars while still providing the best value to the District.

PASBO reviewed the District's requisition and purchase order process and found the process to be effective as outline below:

- Requisitions are required for most purchases, district-wide. The only exception is for small items that are purchased using a check request, which is also subject to approval.
- Requisitions are processed by staff at each school and department using the business office template.
- Principals and supervisors approve requisitions based on their budget responsibility.
- Approved requisitions are then converted into purchase orders electronically by the Business Office Secretary – entered into CSIU financial software.
- Purchase orders are sent or communicated to vendors electronically or via a fax after conversion to initiate the order.
- Purchase orders are printed and kept on file in purchasing, with electronic access available to accounts payable and Business Manager.

PASBO recommends utilizing an electronic purchasing order process as available in the financial software and implementing a formalized training program for staff members, including new employees to be conducted on an annual basis.

ACCOUNTS PAYABLE

The SHCSD Accounts Payable function provides financial, clerical assistance, and support to maintain accurate and on time payments to our vendors.

PASBO 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.
- The Business Office 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 Business Office is following proper accounting procedures by matching signed packing slips/receiving copies with invoices before processing payments.

PASBO recommends the implementation of Positive Pay in Spring 2021, which is an automated fraud detection tool that matches the account number, check number, and dollar amount of each check presented for payment against a list of checks previously authorized and issued by the District. Positive Pay also filters checks based on School District established parameters.

ACCOUNTS RECEIVABLE AND TAX COLLECTION

PASBO recommends the following list of best practices related to accounts receivable and tax operations as noted by PASBO during the visit.

- The board has authorized all District bank accounts on an annual basis.
- Procedures are in place to periodically verify that only board-authorized accounts have been established.
- Employees who handle cash are insured and check signers are bonded.
- Only board-authorized individuals collect cash and receipt forms are used when the funds are collected.
- The District uses receipt forms (cash register, logs of tickets sold, pre-numbered tickets) to establish accountability for all funds collected including such items as school lunch sales and ticket sales for sporting events.
- Checks and/or cash are deposited by the business office. There is a second party verification of the monies collected, based on receipt back-up which is confirmed against the deposit amounts.

- The District has a procedure whereby the bank will only wire funds after it receives confirmation to do so from a second person, which the District has authorized to approve the transfer.
- All wire transfer notices are retained to support the transaction.
- All checks are restrictively endorsed upon receipt.
- All cash and checks are kept in a secure location and deposited in the bank on a timely basis. There is minimal cash collected, but when it is, the deposit is immediate.
- Cash balances on the bank statements are reconciled to the cash balances on the accounting records on a monthly basis.
- The bank account reconciler obtains bank statements from the bank.
- The individual responsible for the bank account reconciliations does not have any duties related to cash receipts and disbursements at the building level.
- The bank account reconciler obtains the "book balance" directly from the general ledger, not through an intermediary person or from some other document.
- PASBO recommends the bank account reconciler compares bank statement deposit dates and amounts with cash receipts book entries.
- PASBO recommends the bank account reconciler compares, on a test basis, the date, payee, and amount on cancelled checks with cash disbursements book/warrant entries.
- PASBO recommends the bank account reconciler, on a sample or risk basis, evaluates endorsements on checks for reasonableness.
- Once the reconciliations are completed, the Business Manager reviews them for completeness and to ensure they do not include outdated reconciling items.
- 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.

STUDENT ACTIVITIES

Recommend use of CSIU software for student activities. PASBO's Student Activity Funds Guide is included as an Appendix H. This Guide should be used to implement needed processes related to student activity funds. The District should **be commended** for student activity funds training already implemented.