

School Board Meeting/Workshop Date:

July 14, 2009

Subject:

Transportation Audit

Presenter:

**Chuck Klaassen
Director of Finance and Operations**

SUGGESTED SCHOOL BOARD ACTION:

Report Only; No Action Required

DESCRIPTION:

We recently were selected to undergo a random MDE state audit for transportation aids for the 2007-08 fiscal year. Bob Kasper, MDE Audit Supervisor spent eight days this spring in the district with myself and various other district and American Transportation staff reviewing contracts, files, reports and interviewing various people. The results of the audit were mailed to the Superintendent and the School Board Chair in early June.

The bottom line audit result was that we will see an adjustment (reduction) of \$2,064.97 in non-public transportation state aid in 2009-10 on total reported 07-08 transportation expenditures of \$2,519,260.72. The adjustment comes as a result of re-calculations of our transportation expenditures allocation between the various categories of transportation, including regular, special education, non-public, integration, noon kindergarten, late activity, summer school, between buildings (shuttle) and nonauthorized (activity) costs.

The State requires districts to allocate all of its transportation costs back out to the various categories according to miles driven, routes run or hours logged. The State's preferred method for allocation is miles and that's what we use. The reason for this re-allocation according to Mr. Kasper is to prevent districts from padding their special education, non-public or integration costs, since those are the only three categories that involve any state aid.

Complicating our 2007-08 reporting was the fact that we were still contracting some summer 2007 transportation with Laidlaw so we had two contractors for which we needed to allocate costs. All in all, to only be off by \$2,065 (less than 1/10 of one percent) was a pretty good result in my opinion. While it was a fairly intensive eight days with the auditor, we also did learn a few things about the process and rules from Mr. Kasper and we are implementing his non-financial recommendations also. One of those recommendations will involve determining and approving specific hazardous locations where students will be transported from within designated walking areas. Those specific designations are required to be included in Board policy, according to the auditor. I will bring that policy revision to the Board in August.

I would be happy to answer any questions either before or at the Board meeting.

ATTACHMENT(S): MDE Transportation Audit Materials