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NEWS RELEASE

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FOR RELEASE December 11, 2019

Auditor of State Rob Sand today released a report on a review of the Mississippi Bend Area Education Agency (MBAEA) for the period July 1, 2012 through June 30, 2018. The review was requested by the Department of Education as a result of concerns regarding the finances of the AEA and its fund balance deficit at June 30, 2018.

Area Education Agencies were created under Chapter 273 of the *Code of Iowa*. MBAEA, with offices in Bettendorf, Clinton, and Muscatine, Iowa, serves more than 49,500 students in public and approved non-public schools in Clinton, Scott, and Muscatine Counties and parts of Cedar, Jackson, and Louisa Counties.

Sand reported due to poor budgeting, continuing to expend resources at a level which was not supported by the revenues being received, annual pay increases in excess of funding increases, higher than expected self-insured claims, and the cost of various construction projects, MBAEA's governmental fund balance decreased from $5,982,603.00 at the end of fiscal year 2013 to a deficit balance of $3,629,055.00 at the end of fiscal year 2018. Based on MBAEA's accounting system, the unaudited deficit fund balance at June 30, 2019 was $1,329,000.00.

Sand also reported MBAEA has relied on the use of anticipatory warrants for cash flow purposes since fiscal year 2014. Anticipatory warrants are intended to be a short-term financing tool. The anticipatory warrants MBAEA issued during fiscal year 2015 were retired within the fiscal year. However, the series of anticipatory warrants MBAEA issued during fiscal years 2016 through 2019 were retired after 15 months. In addition, each series of anticipatory warrants issued during this period overlapped with the previous series and MBAEA used advances from new anticipatory warrants to retire existing anticipatory warrants.

The report includes recommendations to strengthen MBAEA's internal controls and operations, such as improvements to the budgeting process, better fiscal management, and oversight by the Board.

A copy of this report has been filed with the Department of Education and is available for review on the Auditor of State's web site at https://auditor.iowa.gov/reports/audit-reports/.

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REPORT ON REVIEW
OF THE
MISSISSIPPI BEND AREA EDUCATION AGECNY

FOR THE PERIOD
JULY 1, 2012 THROUGH JUNE 30, 2018

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Auditor of State's Report

To the Department of Education and
Members of the Mississippi Bend Area
Education Agency Board of Directors:

As a result of concerns regarding certain financial transactions and the financial position of the Mississippi Bend Area Education Agency (MBAEA) and at the request of officials of the Department of Education (DE), we conducted a review of MBAEA. We applied certain tests and procedures to selected financial transactions of MBAEA for the period July 1, 2012 through June 30, 2018, unless otherwise noted. Based on a review of relevant information and discussions with MBAEA officials and personnel, we performed the following procedures:

(1) Evaluated MBAEA's internal controls over receipts, disbursements, budgeting, and financial reporting to determine whether adequate policies and procedures were in place and operating effectively.

(2) Obtained and reviewed information from MBAEA's accounting system to identify any unusual activity and determine the propriety of selected disbursements.

(3) Evaluated MBAEA's procedures for receipts to determine if collections were deposited intact and in a timely manner.

(4) Evaluated MBAEA's revenue to identify significant changes in federal, state, or other funding which negatively impacted operations.

(5) Evaluated MBAEA's procedures for allocating expenses to federal and state programs in order to determine compliance with federal and state cost allocation requirements.

(6) Evaluated MBAEA's use of anticipatory warrants through June 30, 2019 to provide cash flow and determined the related interest costs incurred by MBAEA.

(7) Obtained and reviewed activity in MBAEA's self-funded health insurance fund to determine effects on financial operations.

Based on these procedures, we determined MBAEA's poor financial condition was a result of poor budgeting, continuing to offer pay increase in excess of funding increases, higher than expected self-insured claims, and the cost of various construction projects. MBAEA has relied on the use of anticipatory warrants to manage cash flow. The anticipatory warrants MBAEA issued during fiscal years 2014 and 2015 were retired within the fiscal year. However, the series of anticipatory warrants MBAEA issued during fiscal years 2016 through 2019 were retired after 15 months. In addition, each series of anticipatory warrants issued during this period overlapped with the previous series and MBAEA used advances from new anticipatory warrants to retire existing anticipatory warrants.

Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Review Summary and **Schedules 1** through **5** of this report.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U. S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the Mississippi Bend Area Education Agency, other matters might have come to our attention which would have been reported to you.

Copies of this report have been filed with the Department of Education.

We would like to acknowledge the assistance extended to us by the officials and personnel of the Mississippi Bend Area Education Agency and the Department of Education during the course of our review.

Rob Sand
Auditor of State

November 15, 2019

Report on Review
of the
Mississippi Bend Area Education Agency

Review Summary

Background Information

The administrative office of the Mississippi Bend Area Education Agency (MBAEA) is located in Bettendorf, Iowa. MBAEA has 2 additional locations in Clinton and Muscatine. MBAEA serves Clinton, Scott, and Muscatine Counties and parts of Cedar, Jackson, and Louisa Counties. According to MBAEA's website, special education services comprise approximately 80% of MBAEA's budget and MBAEA serves more than 49,500 students in public and approved non-public schools. Also according to its website, MBAEA's mission is to "improve teaching and learning for all students through active partnerships and assertive leadership in a climate of mutual respect." During fiscal year 2018, MBAEA employed 304 staff members to carry out its mission.

Area Education Agencies were created under Chapter 273 of the *Code of Iowa* as school corporations. According to section 273.1, the intent of the General Assembly was to:

> "provide an effective, efficient, and economical means of identifying and serving children from under five years of age through grade twelve who require special education and any other children requiring special education as defined in section 256B.2; to provide for media services and other programs and services for pupils in grades kindergarten through twelve and children requiring special education as defined in section 256B.2; to provide a method of financing the programs and services; and to avoid a duplication of programs and services provided by any other school corporation in the state; and to provide services to school districts under a contract with those school districts."

MBAEA is governed by a 9 member Board of Directors. The Board meets monthly to "set policies, budgets, and to adhere [*ensure compliance*] to state and federal education laws." The members are selected by the local school boards and must reside in the district they represent. Each member serves a 4-year term. The duties and powers of the Board established by the *Code* include, but are not limited to:

- Determining policies for providing programs and services.
- Receiving and expending money for providing programs and services in accordance with Chapters 273, 256B, and 257.
- Providing data and preparing reports as directed by the Director of the Department of Education (DE).
- Providing for advisory committees as necessary.
- Area education agencies may cooperate and contract between themselves and with other public agencies to provide special education programs and services, media services, and educational services to schools and children residing within their respective areas.
- Apply for, accept, and expend state and federal funds available for programs of educational benefit approved by the Director of DE and cooperate with the department in the manner provided in federal-state plans or department rules in the effectuation and administration of programs approved by the director, or approved by other educational agencies, which agencies have been approved as state educational authorities
- Employing personnel to carry out the function of the AEA.
- Preparing an annual budget and estimating income and expenditures for programs and services as provided in Chapter 273, 256B, and 257.

The operations are overseen by Chief Administrator, the Executive Director/Board Treasurer, and the Business Manager/Board Secretary. The MBAEA Board hired Bill Decker as the Chief

Administrator effective July 1, 2013. Prior to being hired as the Chief Administrator, Mr. Decker was the Superintendent of the Muscatine Community School District. Mr. Decker's original contract was for the period of July 1, 2013 through June 30, 2016. The Board established a three-year contract with Mr. Decker effective July 1, 2017 which included a provision allowing the contract to be extended each year unless either party gives the other written notices on or before the preceding January 1.

As the Chief Administrator, Mr. Decker is required to work 254 days per year. According to his contract, his job responsibilities include performing "the duties of the Chief Administrator and as executive officer for the Agency pursuant to the laws of the State of Iowa, and pursuant to the policies, rules, and regulations of the Agency's Board of Directors." His contract also includes the following powers and duties.

(a) The right and responsibility to organize, reorganize, and manage Agency staff in compliance with Iowa law. The Chief Administrator shall, to the best of his ability, secure capable and qualified candidates for the various positions, who may be recommended to the Board for employment.

(b) The Administrator shall also be the executive officer of the Board and accordingly shall have such powers and duties as prescribed by Iowa law.

(c) The Board, individually, and collectively, shall refer matters to the Administration for study and recommendation; however, this shall not prevent the Board, collectively, from taking immediate action on matters before the Board if the Board sees fit."

Section 273.4 of the *Code of Iowa* states, "Under direction of the board of directors of the area education agency, the administrator of the area education agency shall, in addition to other duties:

1. Cooperate with boards of directors of local school districts of the area education agency in considering and developing plans for the improvement of the educational programs and services in the area education agency.
2. When requested, provide such other assistance as possible to school districts of the area education agency for the general improvement of their educational programs and operations.
3. Submit program plans each year to the department of education, for approval by the director of the department, to reflect the needs of the area education agency for media services as provide in section 273.6."

As the Chief Administrator, Mr. Decker also serves on the Administrative Cabinet, the Extended Cabinet, and the Leadership Council. The cabinets and council are made up of MBAEA employees. They are informal in nature and meet to discuss various items related to providing services, educational topics, leadership topics, and policies and procedures. The groups may present information to the Board.

MBAEA operates on a fiscal year basis running from July 1 to June 30. MBAEA's operating budget is based on receiving approximately 1/3 of its operating revenue from the state, 1/3 from federal grants, and 1/3 from local and other sources. Expenditures include salaries, travel, equipment, and supplies to provide special education programs and media to students in MBAEA's district.

DE's oversight of the AEAs includes approval of the annual budget, program plans, and review and approval of the Chief Administrator's salary. DE also sets accreditation standards for the AEAs and conducts on-site accreditation reviews to ensure compliance with the standards and, when necessary, help generate improvement plans.

Funding for AEAs is "flow-through" in nature. The local school districts located within an AEA budget for, and generate, the funds for its operation, either directly in the form of property taxes or through aid received pursuant to the state school finance formula. Separate special education support cost per pupil, media cost per pupil, and educational services cost per pupil figures are calculated for each AEA. The cost per pupil is calculated by the Department of Management. The majority of funding is from property tax, state foundation and categorical aid, and federal grant funds passed through DE. In addition, AEAs also receive funding from tuition and revenue from other AEAs. Funds passed through DE to the AEAs are distributed evenly over ten months each fiscal year, typically beginning in September.

The funding set by the Legislature is based on the certified enrollment reported to DE in September of each year. In addition, the AEAs report the number of special education students served within each AEA's district. **Table 1** summarizes the certified enrollment and number of special education students served by MBAEA for fiscal years 2013 through 2018.

Table 1

School Year	Certified Enrollment	Special Education
2013	47,180.0	5,164
2014	47,116.4	5,466
2015	47,186.2	5,645
2016	46,995.3	6,042
2017	46,644.4	6,259
2018	46,558.1	6,278

The **Table** illustrates MBAEA's certified enrollment has decreased since 2015 while the number of special education students served has increased. The Legislature has not increased supplemental state aid significantly over the past several years and has implemented reductions in the amount appropriated to the AEAs. When combined with changes in enrollment, these actions have resulted in relatively consistent year to year funding for the AEAs.

According to MBAEA's and the Iowa Area Education Agencies' websites, 80% of an AEA's budget is for special education services. The remaining funds are used to provide general education and media services. As a result, the majority of an AEA's expenditures are related to payroll for providing these services.

DE is responsible for approving the AEAs' annual budgets and program plans. Over the past several years, DE officials noted MBAEA increased their reliance on anticipatory warrants (warrants). Warrants are typically used by entities as a short-term financing tool to meet cash flow needs. Because the AEAs' fiscal years begin July 1 and funds from DE are not typically available until mid to late September of each fiscal year, problems with cash flow may be encountered by AEAs from July through September. MBAEA's first anticipatory warrants were issued during fiscal year 2014. According to MBAEA's audit report for fiscal year 2014, $1 million of anticipatory warrants were issued during the year, $3,160 of interest was incurred, and the warrants were retired by the end of the year. However, since fiscal year 2016, MBAEA had been issuing warrants in July and paying them off in September of the following fiscal year DE was also concerned with the large amount of taxable warrants used for the operation of MBAEA and if the interest was paid from appropriate sources per federal requirements.

In addition, DE officials noted the number of students served by MBAEA has been declining. Generally, as the number of students decline, there is a decline in the number of staff at MBAEA. However, some special education programs may be more labor intensive depending on the needs of the students and require additional staff. In addition, DE officials noted MBAEA approved salary increases in the 10 - 20% range for all staff while other AEAs had approved a 2-3% increases during the same periods.

DE officials also voiced concerns MBAEA may not be properly charging staff wages to the correct program or accurately reporting staffing levels. AEAs are required to maintain "Time & Effort" reports for staff which show how staff salaries are allocated between the various programs. These reports are required to be maintained by the AEA to comply with federal program requirements.

Because of concerns regarding the MBAEA's financial activity, DE officials requested the Office of Auditor of State review MBAEA's operations. As a result, we performed the procedures detailed in the Auditor of State's report for the period of July 1, 2012 through June 30, 2018.

Detailed Findings

These procedures identified MBAEA's poor financial condition was a result of poor budgeting, continuing to offer pay increase in excess of funding increases, higher than expected self-insured claims, and the cost of various construction projects. MBAEA has relied on the use of anticipatory warrants to manage cash flow. The anticipatory warrants MBAEA issued during fiscal years 2014 and 2015 were retired within the fiscal year. However, the series of anticipatory warrants MBAEA issued during fiscal years 2016 through 2019 were retired after 15 months. In addition, each series of anticipatory warrants issued during this period overlapped with the previous series and MBAEA used advances from new anticipatory warrants to retire existing anticipatory warrants. A detailed explanation of each finding follows.

FINANCIAL CONDITION

Budgeting – AEAs prepare and submit annual budgets for governmental funds to DE for approval. According to DE's budget process, the budget for the next fiscal year is due by February 10 each year. Once received, the budgets are reviewed and approved by State Board. If the budget is not approved, it is returned with the Board's comments. The AEA must resubmit the budget by May 15.

Schedule 1 compares MBAEA's original and final budgeted revenues and expenditures to the actual amounts reported in MBAEA's audited financial statements for fiscal years 2013 through 2018. The **Schedule** illustrates MBAEA's original and final budgeted expenditures exceed the budgeted revenues for fiscal years 2013 through 2015. In addition, the original budget and the final budgeted expenditures exceeded the budgeted revenues for fiscal years 2016 and 2017, respectively. As a result, of frequently budgeting expenditures in excess of expected revenues, MBAEA's fund balance decreased each year and went into a deficit position of $24,644 at the end of fiscal year 2015. During fiscal years 2016 and 2017, the deficit balance increased to $3,672,364 and $5,315,122, respectively. In fiscal year 2018, MBAEA's deficit fund balance decreased to $3,629,055, which included a $496,172 prior period adjustment that improved the beginning fund balance.

According to DE officials, the State reduced the anticipated appropriations to all AEAs beginning in fiscal year 2012. The State continued to cut funding during fiscal years 2013 through 2015. While the appropriation amount received by MBAEA increased each fiscal year, the increase was not as much as was initially anticipated. **Table 2** lists the reductions for fiscal years 2012 through 2015.

Table 2

Fiscal Year	Appropriation Reductions	
	All AEAs	MBAEA
2012	$ 27,500,000	2,031,506
2013	27,500,000	2,031,506
2014	22,500,000	1,523,630
2015	22,500,000	1,523,630

Because the budget is due in February, DE and the AEAs will not always know of any reductions in state funding which may result from legislative action until after budgets are submitted to DE. However, after being notified of a decrease in state funding, MBAEA should have revised their annual budget to plan for the impact on reduced state funding on MBAEA's planned expenses during the year.

According to MBAEA staff, they are not sure how the prior Business Manger prepared budgets during her tenure. Staff stated they thought the prior Business Manager did not adjust for unanticipated decreases in state funding and estimated revenues tended to be on the high side. The current Business Manger prepared the budget for fiscal year 2017 and subsequent years. According to the Business Manager, she uses the following sources to determine the major budget line items:

- State funding – The preliminary information is provided by DE to the AEAs for their budgeting. If DE becomes aware of any changes in funding prior to the budget being finalized, they are included in the budget process.
- Federal funding – Federal funds are passed through the State to each AEA. DE provides the preliminary information to the AEAs for their budget.
- Local funding – Prior year actual revenues are used as the budget amount. The budgeted amount is adjusted if there are known factors, such as a change in the property tax rates or the tuition charged to students for classes such as drivers' education.
- Payroll – Budgeted payroll amounts are based on the number of contracts and positions MBAEA estimates they will need for the next year. The budget includes any Board approved raises and changes in insurance and other benefits. The estimated number of positions and related salary and benefits are determined prior to the budget being completed in February.
- Debt – Payments on any outstanding debt are based on the debt amortization schedules.
- Other expenses – Prior year amounts are used as the base budgeted amount. Changes are made for any major maintenance projects or other significant items which are known when the budget is being prepared.

As stated previously, MBAEA budgeted to spend more than they planned to receive for fiscal years 2013 through 2015 and for fiscal year 2017. Because budgets are due to DE in February the AEAs may not know the final amount appropriated by the Legislature for the upcoming fiscal year. However, because funding was reduced in fiscal years 2012 and 2013, MBAEA staff and the Board should have considered the probability of budget cuts and budgeted both anticipated revenues and expenses accordingly.

Revenues – As previously stated, AEAs are funded from federal, state, and local sources. AEAs are required to submit a Certified Annual Report (CAR) of financial information to DE by September 15 each year. Because the AEAs' annual financial statement audits are not complete prior to the date the CARs are required to be submitted, the information in the CARs typically does not agree with the audited financial statements as a result of audit adjustments. **Table 3** summarizes the revenue by category MBAEA reported in the CARs for fiscal years 2013 through 2018.

Table 3

Fiscal Year	Funding Sources			
	Federal	State	Local*	Total
2013	$ 11,707,499	11,072,353	10,706,229	33,486,081
2014	12,277,510	11,651,306	11,082,944	35,011,760
2015	11,763,406	12,180,530	11,155,599	35,099,535
2016	11,410,386	12,358,096	12,025,635	35,794,117
2017	12,027,310	12,393,166	12,171,179	36,591,655
2018	12,122,092	12,817,244	13,411,308	38,350,644

* - Includes "Intermediate" funds from Scott County Decat program & Scott County Regional Authority grant.

The **Table** illustrates total revenue has increased each year since fiscal year 2013. The largest increase was between fiscal years 2017 and 2018 when total revenue increased over $1.7 million. State and local funding increased each year from fiscal years 2013 through 2018, while federal funding decreased by $514,104 in 2015 and an additional $353,020 in fiscal year 2016.

The main sources of local revenue are from property taxes assessed by each of the members in MBAEA's area and tuition. The increase in local funding is the result of increased property taxes allocated to MBAEA by the various schools served and the tuition MBAEA charges for students enrolled in programs administered by MBAEA. The programs which generate the most tuition revenue are driver's education and home school assistance.

MBAEA staff review the tuition charged each year to ensure program costs are covered and rates charged are competitive with other private driver's education programs. According to MBAEA staff, they are the largest provider of driver's education in MBAEA's district. In fiscal year 2018, driver's education generated approximately $700,000 of fees. Home school support is also evaluated annually and compared to the cap set by DE. In fiscal year 2018, home school support fees generated approximately $400,000.

A decrease in state funding or other funding sources, will affect MBAEA's ability to meet budgeted expenses. However, since changes in state funding are usually known before the start of a fiscal year, MBAEA officials should review the budget prior to the start of each fiscal year and make any necessary spending reductions based on the revised anticipated funding.

Expenses – MBAEA's audit reports summarize expenses by function such as instruction, student support, and general administration. The CAR submitted to DE includes both a report by function and a report by expense category, such as payroll, travel and supplies. **Schedule 2** lists the expenses by category and by fiscal year as reported in MBAEA's CAR for fiscal years 2013 through 2018. As shown by the **Schedule**, the largest expenses categories are as follows:

- Payroll and fringe benefits – This is the largest expense category for an AEA. The **Schedule** shows total salary and benefit expenses ranged from a low of $27,351,634 in fiscal year 2013 to a high of $30,353,894 in fiscal year 2016.

- Purchased services – includes operation and maintenance of plant services, business administration fiscal services, school administration services, improvement of instruction services, and community service operations.

- Interagency flow through - Interagency flow throughs are funds from the State of Iowa which are distributed to the community school districts served by MBAEA.

- Fund balance adjustment - According to staff we spoke with, this is used to account for adjustments made as a result of the prior year's audit. Because MBAEA cannot adjust amounts reported in the prior year's CAR, the adjustments identified by the prior year's audit after the CAR is completed are shown as an upward or downward adjustment in fund balance rather than changing the current year CAR data.

Because payroll is MBAEA's most significant expense category, additional information is provided about the costs incurred by MBAEA in the following paragraphs. Additional information is also provided for other expense categories.

Payroll – As stated previously, payroll and fringe benefits are the largest expense category for MBAEA. **Table 4** summarizes the payroll and fringe benefits for fiscal years 2013 through 2018.

Table 4

Fiscal Year	Number of Staff	Salary	Employer's Share FICA	Employer's Share IPERS	Total	Average Per Staff Member	Average Percent Change
2013	318	$ 21,714,988	1,661,197	1,910,919	25,287,104	79,519	-
2014	322	22,285,901	1,704,871	1,990,131	25,980,903	80,686	1.47%
2015	324	24,026,499	1,838,027	2,145,566	28,010,092	86,451	7.14%
2016	327	23,979,821	1,834,456	2,141,398	27,955,675	85,491	(1.11)%
2017	315	23,418,833	1,791,541	2,091,302	27,301,676	86,672	1.38%
2018	308	23,337,390	1,785,310	2,084,029	27,206,729	88,334	1.92%
Total		$ 138,763,432	10,615,402	12,363,345	161,742,179		

The **Table** illustrates total salary and fringe benefits expense increased in fiscal years 2014 and 2015. However, there was a small decrease in total costs for fiscal years 2016, 2017, and 2018 from the previous fiscal year.

The **Table** also illustrates the number of staff decreased from a high of 327 in fiscal year 2016 to 308 in fiscal year 2018. However, during the same period, the average total salary and benefits increased by $4,745.82 per staff member. As a result, some of the savings associated with the reduction in staff, was offset by the higher salaries and related benefits. The increased average payroll costs resulted in a net decrease of $294,007 from fiscal year 2016 to fiscal year 2018.

MBAEA officials we spoke with reported MBAEA's leadership recognized in late fiscal year 2015 anticipated funding levels were not sufficient to support the level of staffing in place. However, because contracts had already been signed and approved for fiscal year 2016, they were unable to make significant changes to the number of staff and salary levels for fiscal year 2016. Rather than implementing an entity-wide pay freeze, they planned to reduce payroll costs via attrition over the next several years. However, the Board continued to approve pay increases in subsequent years. As a result, as illustrated by **Table 4**, average salary levels continued to increase even though staff levels decreased.

By using the average cost of salaries and benefits per staff member for fiscal year 2016 and the number of employees for 2017 and 2018, we determined MBAEA could have saved an estimated $372,011.00 in 2017 and $875,501.00 in 2018 if the salaries and benefits had been frozen at the 2016 level. **Table 5** shows how the estimated savings were calculated.

Table 5

Description	FY 2017	FY 2018	Total
Number of Employees	315	308	
FY 2016 average per staff (rounded)	$ 85,491	85,491	
Estimated salary and benefits	$ 26,929,665	26,331,228	53,260,893
Total salary and benefits paid	27,301,676	27,206,729	54,508,405
Estimated savings	$ 372,011	875,501	1,247,512

The estimated savings includes only MBAEA's share of FICA and IPERS because they are dependent on the salaries approved by the Board. Raises provided to staff directly impact the amount of the employer's share of FICA and IPERS contributions made by MBAEA.

<u>Raises</u> – As previously stated, a concern DE staff identified was related to large pay increases for several MBAEA staff members, including the Executive Director, Chief Administrator, and certain

other administrators. The Board minutes do not disclose specific raises for individual staff or amounts authorized each year. Instead, the Board approved a salary package for each classification which included an amount for pay raises and benefits, such as the amount MBAEA will contribute to the insurance fund and training. **Table 6** lists the approved package increases for fiscal years 2013 through 2018.

Table 6

Fiscal Year	Approved Increase
2013	4.00%
2014	4.32%
2015	3.00%
2016	3.00%
2017	3.50%
2018	2.50%

The **Table** illustrates the package increases ranged from 2.5% in fiscal year 2018 to 4.32% in fiscal year 2014. The **Table** also illustrates the Board continued to approve increase even as the amount allocated to the AEAs by the State continued to decline.

We reviewed the contracts between MBAEA and several of the administrative staff and identified the following:

- The Chief Administrator received salary increases of 3.1% in 2016, 2.3% in 2017, and 1.7% in 2018.
- The Executive Director's salary increased 13.81% from fiscal year 2014 to 2015. Based on the information available and discussion with MBAEA staff, the raise was the result of restructuring and the Executive Director taking on additional duties. Prior to the changes, there had been three Executive Directors. Through restructuring the duties of two of the Executive Directors were reassigned when they left employment. For fiscal years 2016 and 2017, the Executive Director received raises of 3.25% and 2.83%, respectively.
- The School Improvement and Special Education Coordinators both received a 13% increase in 2017. According to staff we spoke with and job descriptions for these positions, there was a change in the pay scale for these positions and additional duties were assigned to these positions which resulted in more contract days.

In addition to these raises, we determined several classified and certified staff received increases ranging from 13% to 46% in fiscal year 2015. These increases were the result of (1) increases in the number of contract days from 23 weeks to 29 weeks for some employees; (2) staff hired for a full year rather than a partial year which resulted in an increase in the number of contract days; and (3) restructuring positions and reassigning duties for staff who were not replaced.

As stated previously, payroll is the largest area of expense for MBAEA. Because MBAEA continued to budget expenses at a level in excess of the budgeted revenues, the continued increases in the salary and benefits package for staff was a significant cause leading to MBAEA's deficit financial position.

<u>Other expenses</u> – MBAEA staff we spoke with identified several additional items which contributed to MBAEA's deficit fund balance.

- Insurance claims – MBAEA is self-insured for medical and dental insurance. According to information provided by DE, MBAEA is the only AEA which is self-insured. During fiscal years 2014 through 2017, MBAEA paid insurance claims totaling over $3 million each year as a result of increased medical claims from MBAEA staff. During this period, the balance in the insurance fund decreased from $1,841,782 at the beginning of 2014 to $23,908.95 at the end of fiscal year 2017. As a result of the changes, MBAEA and union members agreed to have an additional 1% of employees' salaries go to the health insurance fund beginning in fiscal year 2017.

When we asked if MBAEA had considered or evaluated the costs of changing to an insurance provider, MBAEA staff we spoke with stated they felt it would be cost prohibitive. However, no formal study has been performed.

- Severance package – As part of the union negotiations, MBAEA had traditionally provided a severance package which allowed staff who qualify to have the value of their accrued sick leave balance paid out, contributed to a 403(b) retirement plan, or used to pay for their insurance. The amount to be paid out, contributed, or used is based on their bargaining group and years of service with MBAEA. All severance payouts are paid in accordance with the vesting schedule for the specific bargaining group. **Schedule 3** lists the severance payout percentages based on the years of service for each classification.

  According to MBAEA staff we spoke with, the Board approved changing the severance policy for Administrators in fiscal year 2016 to allow a 100% payout after 15 years of service instead of 20 years of service. According to MBAEA officials we spoke with, the change was made because MBAEA not being able to pay as high of a salary as other AEAs and to encourage retention of staff. They also reported staff who are hired as Administrators are already well into their careers when they join MBAEA and may not have 20 years of service at MBAEA prior to retirement.

  The severance plan is funded by MBAEA and is considered a part of the salary/benefit package. MBAEA does not withhold funds from employee paychecks in order to fund the plan but funds it out of available resources. At the beginning of the fiscal year MBAEA transfers funds into the severance plan fund.

  As previously stated, staff can elect to receive a payout of benefits, use them to pay for insurance, or contribute them to a 403(b)-retirement plan. **Table 7** summarizes the total amount paid out to staff, used to pay insurance, and contributed to a 403(b) plan by fiscal year.

Table 7

Fiscal Year	Payout of Value of Accumulated Sick Leave			
	Cash Payout	**Insurance**	**403(b)**	**Total**
2013	$ 120,528.07	31,058.47	47,744.09	199,330.63
2014	217,285.21	124,752.94	107,912.75	449,950.90
2015	117,825.12	112,683.83	67,600.43	298,109.38
2016	167,585.94	92,692.98	57,738.52	318,017.44
2017	132,300.27	197,937.68	152,439.00	482,676.95
2018	82,270.96	103,447.23	88,324.00	274,042.19
Total	$ 837,795.57	662,573.13	521,758.79	2,022,127.49

The **Table** illustrates MBAEA has paid a total of $2,022,127.49 in severance for fiscal years 2013 through 2018. The amount paid out each year is dependent on the number of employees who retire and meet the requirements of the plan and the sick leave balance the employees have which can be used for the plan.

- Vacation payout – When an employee leaves employment with MBAEA, they are paid out for their vacation balance in addition to the severance package previously described. In addition to paying out staff for the unused vacation upon termination, the Executive Director and Chief Administrator have a clause in their contracts allowing them to be paid out up to 15 days of unused vacation per year. This amount is included in their normal payroll check at the end of the fiscal year.

  Table 8 summarizes the vacation payouts to employees who left employment and the amounts paid to the Executive Director and Chief Administrator for the 15 days of unused vacation per year.

Table 8

Fiscal Year	Staff	Chief Administrator	Executive Director	Total
2013	$ 10,891.56	-	9,098.10	19,989.66
2014	922.82	12,723.15	10,668.00	24,313.97
2015	7,866.52	12,950.40	11,152.50	31,969.42
2016	22,360.89	13,366.95	11,515.50	47,243.34
2017	20,046.61	13,701.15	12,406.50	46,154.26
2018	30,054.01	14,043.75	12,097.95	56,195.71
Total	$ 92,142.41	66,785.40	66,938.55	225,866.36

  The **Table** shows payout increased from 2013 through 2018. Of the $225,866.36 of total vacation payouts during fiscal years 2013 through 2018, $133,723.95 (59%) is the result of the Executive Director and Chief Administrator being paid for 15 days of unused vacation each year in accordance with their contracts. The remaining $92,142.41 are payouts to staff who left employment with MBAEA. As stated previously, vacation is required to be paid out to staff leaving MBAEA's employment. However, the annual payouts to the Chief Administrator and Executive Director for 15 days of unused vacation are discretionary. In addition, the annual pay increases to the Chief Administrator and Executive Director impact the amount paid for the 15 days of unused vacation.

- Early retirement – In anticipation of saving costs by not refilling opened positions or replacing staff at a lower salary, the Board approved an early retirement program at the end of fiscal years 2016 and 2017. The plan provided a portion of the employees' share of insurance premiums until the employee was eligible for Medicaid coverage at age 65. **Table 9** shows the net savings to MBAEA as a result of offering the early retirement plans.

Table 9

Description	Amount (rounded)
Cost savings per MBAEA	$1,181,332
FY 16 plan cost	(231,279)
FY 17 plan cost	(413,534)
Net savings	$ 536,519

__Anticipatory warrants__ – As illustrated by **Schedule 1**, MBAEA spent more than was collected during fiscal years 2013 through 2017. To manage cash flow, MBAEA issued anticipatory warrants in fiscal years 2014 through 2019. Section 273.3(17) of the *Code of Iowa* allows AEAs to issue anticipatory warrants pursuant to chapter 74 of the *Code of Iowa*. Anticipatory warrants are issued when required funds on hand are not sufficient to pay the legal obligations of an entity. Anticipatory warrants are secured by future revenues to be received by the entity which are pledged by the entity to repay the principal and interest. The entity may pledge state aid, other appropriated moneys, and other general funds to secure the debt. The entity is prohibited from using federal funds to repay the warrants.

Anticipatory warrants are intended to be a short-term financing tool and are typically retired within a year. After an anticipatory warrants agreement is finalized, the issuer can begin drawing down funds from the lender. Interest is accrued based on the actual amount drawn down. As previously stated, MBAEA's first anticipatory warrants were issued during fiscal year 2014. According to MBAEA's audit report for fiscal year 2014, $1 million of anticipatory warrants were issued during the year, $3,160 of interest was incurred, and the warrants were retired by the end of the year. **Table 10** summarizes the anticipatory warrants authorized by the MBAEA Board for fiscal years 2015 through 2019. **Schedule 4** lists each transaction for each series authorized.

Table 10

		Dates				Total	
Issuance Number*	**Cash Balance^**	**Approved**	**First Draw**	**Paid in Full**	**Authorized Amount**	**Drawn**	**Interest Paid**
2015A	$ 771,380	08/13/14	08/14/14	01/30/15	$ 4,000,000	3,500,000	38,413.19
2015B	214,645.	02/11/15	02/12/15	06/30/15	2,000,000	2,000,000	20,899.31
2016	76,528	06/29/15	07/01/15	09/29/16	7,000,000	7,000,000	209,217.61
2017	1,436,697	05/11/16	07/01/16	09/28/17	9,000,000	9,000,000	270,992.71
2018	183,754	06/14/17	07/03/17	09/28/18	9,000,000	9,000,000	257,146.53
2019	1,547,691	6/13/18	07/02/18	09/23/19	9,000,000	8,000,000	234,222.13
Total					$ 40,000,000	38,500,000	1,030,891.48

* - Interest rates ranged from 3.25% to 3.90%.
^ - Cash balance (rounded) at the end of the day prior to the date of the initial draw.

On June 5, 2019 the Board authorized Series 2020 anticipatory warrants with a maximum authorized amount of $7.9 million. As of October 8, 2019, MBAEA has received advances totaling $5.5 million.

As previously stated, because the AEAs' fiscal years begin July 1 and funds from DE are not typically available until mid to late September of each fiscal year, problems with cash flow may be encountered by AEAs from July through September. However, as illustrated by the **Table**, the 2015B series of anticipatory warrants issued by MBAEA were approved and drawn in mid-February 2015. The **Table** also illustrates the initial draw for series 2015B was made just 12 days after the 2015A series was paid in full. The $2,000,000 of principal for series 2015B was repaid on June 30, 2015, but $2,000,000 was then drawn on July 1, 2015 as the initial draw on the 2016 series of anticipatory warrants.

Table 10 illustrates the series issued during fiscal years 2016 through 2019 were authorized prior to the start of the fiscal years and the initial draws were done shortly after the fiscal years began. In addition, the issuances were not repaid until after the fiscal year ended, rather than after funds became available from DE in September, two months after the start of the fiscal year. In each case, MBAEA and the lender entered into an agreement to allow MBAEA to carryover the balance to September 30 of the following fiscal year. As illustrated by the **Table**, the warrants were repaid during the last days of September each of these fiscal years.

We compared the dates of advance amounts, the dates payments were made on the warrants, and the cash balance per the bank statements for these transactions to determine if funds from one issuance were used to pay off the prior issuance. In addition to the draws made on February 12, 2015 and July 1, 2015 shortly after retirement of the previous series of anticipatory warrants, certain other transactions were identified during our comparison. The transactions identified, including the February 12, 2015 and July 1, 2015 draws, are listed in **Table 11.** These transactions illustrate MBAEA continuously relied on funds provided by the anticipatory warrants. MBAEA was not using the proceeds from the anticipatory warrants as the short term funding source they are intended to be. Additional information related to certain retirements is included in the paragraphs following **Table 11**.

Table 11

	Bank Date	Description	Series	Advance / (Repayment)	Cash Balance^ Beginning	Ending
	01/30/15	Principal repayment	2015A	$ (2,000,000.00)	2,623,212.13	581,326.61
	02/12/15	Principal advance	2015B	1,000,000.00	214,644.98	1,210,721.45
	06/30/15	Principal repayment	2015B	(2,000,000.00)	2,093,861.35	76,527.61
	07/01/15	Principal advance	2016	2,000,000.00	76,527.61	993,537.54
a)	07/01/16	Principal advance	2017	2,500,000.00	1,436,697.29	-
	07/01/16	Principal repayment	2016	(1,216,791.67)	-	2,278,649.11
b)	09/29/16	Principal advance	2017	3,000,000.00	199,905.49	-
	09/29/16	Principal repayment	2016	(2,592,550.23)	-	597,284.39
c)	09/12/17	Principal advance	2018	2,500,000.00	153,203.70	2,647,412.43
	09/21/17	Principal repayment	2017	(3,000,000.00)	3,485,767.65	497,071.67
d)	09/27/17	Principal advance	2018	2,000,000.00	268,794.44	1,704,296.63
	09/28/17	Principal repayment	2017	(1,200,000.00)	1,704,296.63	496,593.51
e)	09/26/18	Principal Advance	2019	1,500,000.00	3,044,916.57	4,041,310.96
	09/28/18	Principal repayment	2018	(3,000,000.00)	3,981,121.26	860,990.80

^ - For the date shown in MBAEA's primary checking account.

a) The initial advance of $2.5 million from Series 2017 was deposited to MBAEA's bank account on July 1, 2016. On the same day, a $1,216,791.67 payment was made on the Series 2016 warrants. The bank statement shows the cash balance as of the end of the previous day (June 30, 2016) was $1,436,697.26. Although there was sufficient cash to cover the $1,216,791.67 payment of the 2016 warrants, there was also $443,992.01 of additional disbursements from the account on July 1, 2016. Had MBAEA not received the $2.5 million advance from the 2017 warrants, there would not have been sufficient funds in the account to cover the both the payment of the 2016 warrants and the other disbursements which were posted to the account on July 1, 2016.

b) MBAEA received a $3 million advance from the Series 2017 warrants on September 29, 2016. On the same day, MBAEA paid $2,592,550.23 to retire the 2016 warrants. The bank statement shows MBAEA had a cash balance of $199,905.49 on September 28, 2016. Had MBAE not received the cash advance, there would not have been sufficient funds in MBAEA's account to retire the 2016 warrants.

c) MBAEA received a $2.5 million advance from the Series 2018 warrants on September 12, 2017 which brought the cash balance at the end of the day to $2,647,412.43. In addition, MBAEA received $2,104,940.00 from the State of Iowa on September 19, 2017 for fiscal year 2018 operations. On September 21, 2017 MBAEA made a $3 million payment on the Series 2017 warrants, leaving a principal balance of $1.2 million outstanding. Both the $2.5 million advance on the Series 2018 warrants and the $2,104,940.00 payment from the State were needed to allow MBAEA to make the $3 million payment on the Series 2017 warrants. After the $3 million payment cleared the account on September 21, 2017, a $497,071.67 balance remained at the end of the day.

d) On September 27, 2017 MBAEA received a $2 million advance on the Series 2018 warrants which brought the cash balance to $1,704,296.63 as of the end of the day. On September 28, 2017, MBAEA made a $1.2 million payment to retire the Series 2017 warrants. After the payment cleared the account, the remaining cash balance at the end of the day was $496,593.51.

e) On September 26, 2018 MBAEA received a $1.5 million advance on the Series 2019 warrants which brought the cash balance to $4,041,310.96 as of the end of the day. On September 28, 2018, MBNAE made a $3 million payment to retire the Series 2018 warrants. After the payment cleared the account, the remaining cash balance at the end of the day was $860,990.80.

According to MBAEA officials, they are using the warrants to help with cash flow from the beginning of the fiscal year (July 1) to mid to late September when they start receiving funding from the State. However, **Schedule 4** illustrates since fiscal year 2016 they have needed the proceeds from the anticipatory warrants for 15 months rather than the 3 months AEAs operate without current State funding.

We reviewed the audit reports for the remaining AEAs for fiscal year 2013 through 2018 and determined several AEAs also used issued anticipatory warrants. Of the remaining eight AEAs, two used anticipatory warrants in fiscal years 2013 and 2014 and one used anticipatory warrants in fiscal year 2015. In all cases, the warrants were retired by the end of the fiscal year in which they were issued. We also determined one AEA authorized anticipatory warrants in fiscal year 2016 but never drew down the funds. Based on this analysis, other AEAs have used anticipatory warrants as a short time financing tool but adjusted to the reductions in State funding and have not relied on the use of anticipatory warrants for cash flow purposes since fiscal year 2015.

Purchase of building – On September 30, 2014, MBAEA requested approval from DE to purchase an office building in Clinton. The letter submitted to DE stated MBAEA proposed to purchase, remodel, and equip the building and the benefits included better parking, better handicap accessibility, and easier community access. The purchase of the building during fiscal year 2015 contributed to the deficit balance at the end of the fiscal year.

The estimated cost to purchase, remodel, and equip the building was $800,000.00. According to the information provided to DE, MBAEA expected save approximately $150,000.00 by purchasing the building compared to continuing to rent and remodel the space in the basement of the Clinton County Administration building.

According to the sale contract dated September 8, 2014, MBAEA purchased the building for $550,000.00 subject to DE's approval. In a subsequent internal email, a budget of $303,999.14 was established for remodeling and equipping the building. According to MBAEA officials, in order to save money, they hired individual companies to provide the services necessary to remodel and equip the building rather than hiring a general contractor. MBAEA officials were unable to provide support for any cost savings resulting from directly hiring companies compared to hiring a general contractor to oversee the project.

In order to finance the purchase, MBAEA issued "Certificate of Participation, Series 2014A (Private Placement)" in the amount of $3,855,000.00 at a fixed interest rate of 2.9%. The $3,855,000.00 included refunding $3,360,000.00 of the outstanding principal balance on the 2005 certificates and an additional $495,000.00 for the purchase of the new building. MBAEA also estimated they would recognize a savings of approximately $289,000.00 of interest paid over the life of the certificates since the 2005 certificates had a variable interest rate ranging from 3.6% to 4.45%.

Schedule 5 lists the payments to the various vendors related to the purchase and renovation of the new office space in Clinton as recorded in MBAEA's accounting system. According to MBAEA officials we spoke with, some of the expenses for miscellaneous supplies and hardware are not included in the total costs listed in **Schedule 5**. Some miscellaneous expenses were coded to a general supply and equipment account in the accounting system. As shown by the **Schedule**, MBAEA spent $282,376.63 on the renovation and equipping of the new office space in addition to the $565,188.76 spent to purchase the building. As shown on the **Schedule**, MBAEA's renovation included:

- $73,022.07 paid to Pigott, Inc. for furniture,
- $50,147.25 paid to Petersen-Hagge Furniture for the installation of carpet and vinyl flooring.

- $27,219.93 paid to Pipeco Electric for electrical work.
- $39,325.10 paid to Staples Advantage for office furniture.
- $17,720.00 paid to Bettendorf N&S Systems for access control and security cameras.
- $16,421.62 paid to Tietjens - Lockhart for construction and remodeling.

MBAEA's procedures require projects over $5,000.00 follow bidding requirements including:

- A bid request form be completed and approved.
- A list of vendors be developed by the Director of Support Services or their designee.
- The bid specifications and vendor list be approved by the Board.
- An invitation to bid be published twice in the Quad City Times at least 10 days prior to the date of the bid opening.
- A bid invitation be sent to all vendors on the approved vendor list.
- When bids are received, they are kept in a safe in the Support Services Office and opened publicly at the approved date and time of the bid opening.
- Bids be evaluated and a recommendation made to the Board.
- All bids be acted on at a regular or special meeting of the Board.

MBAEA officials were unable to provide support showing the bidding procedures were followed for the renovation and equipping of the office space.

In addition to the purchase of the building, MBAEA requested DE to approve repairing of the parking lot at the new location at an estimated cost of $200,000.00. After receiving approval from DE, MBAEA issued an RFP for the repair of the parking lot located at the new location. The RFP included 2 options; repair the worst areas and overlay the entire parking lot or replace all the asphalt. The RFP was sent to 5 different companies. Of the 5 companies only 2 submitted bids for the project. The bids received are summarized below:

- Determann Asphalt Paving LLC
    - Option 1 – repair and overlay = $120,475.00, 1 year warranty
    - Option 2 – overlay entire lot = $125,965.00 1 year warranty
- Seal & Stripe, Inc.
    - Option 1 – repair and overlay = $115,525.00, 1 year warranty
    - Option 2 – overlay entire lot = $162,300.00, 1 year warranty

Based on the review of the bids, it was recommended the Board select Determann Asphalt's low bid for option 2, to overlay the entire parking lot. The Board accepted the recommendation and awarded the bid to Determann Asphalt. However, MBAEA decided not to pursue the project as a result of the financial condition of MBAEA. MBAEA is currently not planning on doing the repaving project at this time.

<u>Overall Conclusion Regarding Deficit Position</u> – The following factors contributed to MBAEA's general fund balance decreasing from approximately $6 million at the end of fiscal year 2013 to a negative position at the end of fiscal year 2015 and growing to a deficit position of approximately $5.3 million at the end of fiscal year 2017.

- Budgeting expenses in excess of revenues,
- Not monitoring actual revenues and expenses closely,

- Not making budget adjustments as needed,
- Increases in insurance claims,
- Continuing to provide increases in the salary and benefits package when resources were decreasing or not increasing at the rate expected,
- Providing severance and early retirement plans, and
- Purchasing and remodeling a building,

Because the Board and officials did not place a priority on reducing the deficit balance when it first occurred at the end of fiscal year 2015 and continued to spend more than the revenue received, MBAEA continued to operate with a deficit balance each year as of June 30, 2019. By not filling certain vacated positions as staff retired or otherwise left MBAEA's employment and implementing better budgeting practices, MBAEA has reduced the size of the deficit balance from $5,315,122 at the end of fiscal year 2017 to a deficit of balance of $1,329,000 as of June 30, 2019 (unaudited). However, MBAEA has relied on the use of anticipatory warrants for cash flow purposes since fiscal year 2014. In addition, proceeds from the anticipatory warrants issued during fiscal years 2016 through 2019 were not completely retired until 15 months after the initial advance of each series and each series of anticipatory warrants issued during this period overlapped with the previous series. Also of concern is that advances from new anticipatory warrants were used to retire existing anticipatory warrants.

OTHER ADMINISTRATIVE ISSUES

Oversight – MBAEA Board members have a fiduciary responsibility to exercise authority over its funds, efficiently and effectively achieve its mission, provide oversight of MBAEA's operations and maintain the public trust. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity. Based on our review, we determined the Board members did not provide sufficient oversight of MBAEA including:

- Reviewing and approving budgets which were in a deficit position.
- Meetings minutes did not include any indication the Board reviewed budget to actual reports or discussed the financial issues.

Certified Annual Reports (CAR) – AEAs are required to submit CARs to DE through an upload to DE's website. In order to properly certify the CAR to DE, the AEA's CAR must be free of errors as determined by the DE's edit checks. Any adjustments made after the CAR is submitted are required to be adjusted for in the next year's CAR.

The information included in MBAEA's CARs did not reconcile to the information reported in the audited financial statements, primarily due to adjustments made during the audit process which were not reflected in the CAR which was submitted prior to the audit being completed. When we requested supporting documentation showing how the CAR's reconciled to the amounts reported in the financial audit, MBAEA officials were unable to provide supporting documentation or a reconciliation showing this information. However, officials provided some of the adjusting entries made by the CPA firm as part of the audit process.

Travel – A concern was voiced during our testing regarding the Chief Administrator's travel. Specifically, concerns identified included driving to a destination when flying would have been a less expensive and faster mode of transportation and attending a family member's college golf team event when he was at a conference and not taking vacation for these days.

We reviewed the Chief Administrator's travel to address these concerns. For the travel costs and related reimbursements tested, we determined:

- When the Chief Administrator drove to a conference instead of flying, he only requested reimbursement for mileage up to the cost of the flight from the nearest airport. This was documented in attachments to the travel claims showing the cost of the airfare and the total cost of driving to the conference.
- We determined the Chief Administrator sometimes flew from an airport other than the Quad City International Airport (QCIA) which is the closest airport to MBAEA. In these instances, support was attached to the travel claim showing the cost was the same as flying from QCIA. We identified instances where the cost of the ticket was more expensive; however, the Chief Administrator only claimed an amount up to the cheapest airfare from OCIA. Support showing the airfare from QCIA was attached to the claim. The Chief Administrator also did not charge mileage, food, or any lodging costs to MBAEA when he flew from an alternate airport.
- We did not identify any instances where a conference he attended coincided with the timing and location of an event for a family member's college golf team.
- We identified 2 instances in 2012 where a hotel receipt was missing, 1 instance in 2014 where a registration receipt was missing, 1 instance in 2014 where several receipts were missing, and 1 instance in 2015 when support for a car rental was missing. However, based on the receipts included with the support such as, conference agendas, airfare, hotel, and food receipts, it was evident he attended the conference. However, because sufficient supporting documentation was not available for the instances specified, we are unable to verify the amounts reimbursed were appropriate.

Cost Allocation – A concern was expressed costs were improperly charged to Special Education for salaries and related costs of staff who did not work directly on Special Education. Cost allocation is the process of allocating costs which support more than 1 program (indirect costs or overhead) to all applicable programs in a reasonable manner to show the complete cost of administering the programs. Under federal guidelines, indirect costs can be allocated to a federal program, if allowed by the program, in the same manner as costs are allocated to other state or local funded programs.

AEA's budget for staffing costs using full-time equivalent positions (FTEs). An FTE is defined as 1 employee working on a full-time basis. AEA staff include contract employees, non-contract employees, and administrators. Staff who are not under contract for a set number of days may be full-time or part-time. Because staff are hired for a contracted number of days, part-time and full-time, the actual number of staff exceeds the budgeted FTE's. **Table 12** compares the number of budgeted FTEs by classification for fiscal years 2014 through 2018 as budgeted by MBAEA.

Table 12

	Budgeted FTEs by Fiscal Year~					**Decrease from 2014 - 2018**
Classification	**2014**	**2015**	**2016**	**2017**	**2018**	
Special Education	211.27	207.86	211.10	203.08	194.80	16.47
General education	33.67	32.32	32.45	27.00	28.00	5.67
Administrators	21.25	23.25	22.00	18.00	15.20	6.05
Media	14.00	15.75	12.75	11.20	7.17	6.83
Other	19.31	16.80	18.19	19.19	18.43	0.88
Total	299.50	295.98	296.49	278.47	263.60	35.90

~ - The FTE totals do not include the FTEs for which MBAEA bills and recovers 100% of the costs, such as interpreters.

As illustrated by **Table 12**, budgeted FTEs decreased by 35.90 from the 2014 FTE levels. The largest reduction in FTEs was in the Special Education classification which was reduced by 16.47. As previously stated, 80% of an AEA's budget is for Special Education services. As a result, a decrease in funding would result in a larger decrease in Special Education staff than in other areas which are funded by other sources.

The **Table** also includes an "other" classification which includes business office staff, administrative support staff, information technology staff, custodians, and receptionists. Because these positions support the operations of MBAEA, a portion of the payroll costs may be allocated (paid) from multiple funding sources such as revenue from property tax, tuition, state funds, and federal programs, including Special Education funds. In order to allocate costs to a program, the rules governing the program must allow indirect costs to be allocated to the program. The costs are usually allocated using an indirect cost rate (a set percentage) or a cost allocation plan.

For example, costs which support Special Education programs are allowed to be allocated under federal regulations if the agency has an indirect cost or cost allocation plan which allocates support costs to federal, state, and local programs on an equal basis. An example of an allowable basis for allocating support costs is the direct salaries charged to a program.

According to MBAEA staff we spoke with, general overhead costs are allocated to general education, media, and special education programs funded with State and local funds. The costs are allocated based on the amount of funding for each program or function. Costs are not allocated to the federal funds used for Special Education because the direct costs for those programs exceed the federal funds provided for the programs.

We requested a copy of MBAEA's cost allocation plan. According to MBAEA staff we spoke with, they do not have a formal written cost allocation plan. MBAEA's practice is to allocate general overhead costs to the various programs based on the revenues for each program. However, they do not allocate overhead costs to the federal funds received for the Special Education program. According to MBAEA staff we spoke with, this is because the federal funds provided do not cover all the direct costs of the Special Education program. MBAEA does allocate costs to the State funds portion of the Special Education program.

During the review, we received information the Chief Administrator's salary was charged to the Special Education program. As stated above, overhead costs can be allocated to the programs based on a cost allocation plan. MBAEA's accounting system allows staff salary and benefits to be charged to various programs or an overhead account. We reviewed the salary allocations for the Executive Director and the Chief Administrator recorded in the accounting system. Based on the account coding their salary and benefits were charged to the overhead account and not directly to a program administered by MBAEA. We also reviewed adjustments made to allocate costs to the various programs. The adjustment posted to record overhead costs were posted to various programs, including the State funded portion of the Special Education program which is allowable and consistent with MBAEA's cost allocation process. We did not identify any overhead costs allocated to the federal share of the Special Education program.

Moving expense – During our review we determined the Chief Administrator was reimbursed $5,000.00 for moving expenses in fiscal year 2015, 2 years after he was hired by MBAEA. According to MBAEA's contract with the Chief Administrator, he was to be reimbursed $3,500.00. According to the Chief Administrator, the $3,500.00 was an estimate. He further stated he decided not to move until after his daughter had completed high school. Once he was ready to move, he received a quote for $5,000 and presented the quote to the Board and requested an increase to the reimbursement amount specified in his contract. We confirmed the Board approved the request at the May 13, 2015 meeting.

Recommended Control Procedures

As part of our review, we assessed the procedures used by the Mississippi Bend Area Education Agency (MBAEA) to process financial transaction and prepare reports. An important aspect of internal control is to establish procedures to provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen MBAEA's internal controls.

A. Financial Condition – MBAEA's general fund has been operating in a deficit financial position from fiscal year 2015 through June 30, 2019 (unaudited).

Fiscal Year	**Ending Fund Balance**
2013	$ 5,982,603
2014	4,050,515
2015	(24,644)
2016	(3,672,364)
2017	(5,315,122)
2018	(3,629,055)
2019 (Unaudited)	(1,329,000)

We determined the deficit fund balance was the result of the following.

- MBAEA's budgeted expenses exceeded the budgeted revenues for fiscal years 2013, 2014, 2015, and 2017. In order to cover the expenses, MBAEA used funds accumulated in previous years and anticipatory warrants.
- MBAEA continued to provide increases to the salary and benefits packages for employees during a time when revenues were not sufficient to support existing payroll costs and approved increases.
- MBAEA's self-funded health insurance fund balance has decreased from $1,841,782 at the beginning of 2014 to $23,908.95 at the end of fiscal year 2017. The decrease is the result of an increase in claims against the fund.

Recommendation – The Board should ensure they carefully review and analyze the budget and take into account issues which may impact the operations of MBAEA including; a reduction in State funding, a decrease in local revenue, major construction projects, renovation, or maintenance projects. MBAEA staff and Board members should also monitor the budgeted to actual expenditures to identify when a budget amendment is needed during the year. The Board should also consider setting a limit on the amount budgeted to be expended each year, such as 97% of the amount of revenue budgeted in order to create a positive fund balance and provide a cushion in case of economic downturns in the future.

Response - Following the completion of the 2015 annual audit, it came to management and the Board's attention that the fund balance had reached a deficit balance. At that time employee contracts were already in place for fiscal year 2016 and negotiated agreements with the bargaining units through FY18. Therefore, during fiscal year 2016, management recommended and the Board approved offering an early retirement incentive to qualifying employees to reduce ongoing agency personnel costs. This early retirement incentive was offered in fiscal years 2016 & 2017 and grossed a $1,182,332 savings.

In addition to the early retirement incentives, MBAEA has reduced licensed staff contracts over the last four years by a total of 5 contract days and continued to achieve turnover cost savings through annual attrition.

Anticipatory warrants are necessary for cash flow purposes during the months of July through mid-September when State Supplemental Aid payments are not received. Federal grant dollars are paid on a quarterly basis and also are not available during this time period.

MBAEA's expenditure budget has been projected less than revenue for the last three fiscal years (2018, 2019, and 2020). The positive change to fund balance in FY18 was $1,189,895, FY19 (unaudited) $2,328,000, and FY20 (budgeted) $2,269,000.

Conclusion – Response acknowledged. However, management and the Board should have been aware of the impending deficit balance prior to the end of fiscal year 2015. This should not have been new information when the fiscal year 2015 audit report was issued on April 1, 2016 (or shortly prior to that.) As previously stated, had the Board been more involved in the budgeting process during fiscal year 2015 by reviewing budget to actual reports and other available information, they would have been aware the $4 million fund balance available at the beginning of the fiscal year was going to be depleted by the end of the fiscal year.

We also acknowledge MBAEA implemented an early retirement system as a cost saving mechanism. However, while the gross savings of the program was approximately $1.8 million over 2 years, the net savings was $536,519, as illustrated by **Table 9**. In addition, MBAEA held anticipatory warrants for periods significantly longer than the 3 months identified in their response. This is addressed further in Finding B.

B. Anticipatory Warrants – Because of MBAEA's poor financial position and problems with cash flow, MBAEA issued anticipatory warrants to ensure bills could be paid in a timely manner. As a result, MBAEA incurred an additional $1,030,891.48 of interest costs for fiscal years 2015 through 2019.

Recommendation – MBAEA officials should ensure they monitor actual revenues and expense and budget accordingly for future fiscal years in order to avoid issuing anticipatory warrants and incurring additional interest costs.

Response - MBAEA has issued anticipatory warrants in order to supplement cash flow during the near three months in which Supplemental State Aid (SSA) is not received. SSA is paid over a 10-month period beginning in mid-September. Employee contracts begin as of July 1st as well as general overhead expenditures.

Over the last two years the use of anticipatory warrants has decreased. MBAEA management and Board monthly monitor the use of anticipatory warrants and strive to eliminate their use in the next couple years.

MBAEA management and Board currently receive detailed actual revenue and expenditure reports with comparative data and review all during monthly Board meetings.

Conclusion – Response acknowledged. Anticipatory warrants drawn by MBAEA have decreased from $9 million in fiscal years 2017 and 2018 to $8 million in 2019 and approximately $5.5 million of the $7.9 million authorized by the Board as of October 8, 2019 in fiscal year 2020. However, these amounts are significant and represent more than 3 months of MBAEA's SSA funding. As illustrated by **Table 3**, State funding for fiscal year 2018 totaled $12.8 million, and during that fiscal year MBAEA drew down $9 million which was not repaid until September 2018, three months after the end of the fiscal year.

Anticipatory warrants are intended to be a short-term financing tool. However, as illustrated by **Table 10**, beginning in July 2015, MBAEA held anticipatory warrants for 15 months, well beyond the 3 months during which SSA funding is not available.

As illustrated by **Table 11**, MBAEA used proceeds from one series of anticipatory warrants to pay off the previous fiscal year's anticipatory warrants. As previously stated, other AEAs have not placed a heavy reliance on anticipatory warrants to meet cash flow needs during the period when State funding is not provided.

C. Oversight by Board Officials – Board officials have a fiduciary responsibility to provide oversight of MBAEA's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

Based on our observations and the procedures we performed, we determined Board officials failed to exercise proper fiduciary oversight of the Area Education Agency. The lack of appropriate oversight of the budget and the review of budget to actual contributed to MBAEA having a budget deficit.

Recommendation – Oversight by Board members is essential and should be an ongoing effort. Board members should exercise due care and review all pertinent information, such as budgets, audit reports, and other financial records related to the operations of MBAEA.

Board members should also ensure sufficient information is prepared and provided to them for making decisions and appropriate policies and procedures are adopted, implemented, and frequently monitored to ensure compliance.

Response - Monthly financial reports are distributed and discussed at each monthly board meeting. In the last couple years, several modifications and additions have been added to the monthly reports to assure detailed, accurate and concise information is presented at each board meeting. Budgets are reported, discussed and approved by the board prior to submission to the Department of Education. The Board has an audit committee that meets with auditors during the annual audit and the auditors present the audit to the full Board. The Agency changed audit firms after fiscal year 2017.

Conclusion – Response accepted.

D. Certified Annual Report (CAR) – AEAs are required to submit annual CARs to DE through an upload to DE's website. In order to properly certify the CAR to the DE, the AEA's CAR must be free of errors as determined by DE's edit checks. Any adjustments made after the CAR is submitted are required to be adjusted for in the next year's CAR.

The information included in MBAEA's CARs did not reconcile to the information reported in the audited financial statements, primarily due to adjustments made during the audit process which were not reflected in the CAR which was submitted prior to the audit being completed. MBAEA did not maintain copies of the adjustments made as a result of the financial audit and how the adjustments made during the financial audit reconciled to the CAR submitted to DE.

Recommendation – MBAEA should ensure copies of all adjustments made during the financial audit are maintained and a reconciliation is prepared showing how the CAR reconciles to the audit financial statements. In addition, all adjustments should be properly reflected in the subsequent year's CAR in a proper manner.

Response - The annual Certified Annual Report (CAR) is due by September 15th each year. Often the annual financial audit is not completed or issued by this deadline creating a reconciliation between the financial statements and the CAR. Any adjustments made to the financials following the annual audit are required by State to be reflected in the subsequent fiscal year submission of the CAR.

MBAEA maintains records of all audit adjustments posted into the financial records, however due to the timing of the annual audit and CAR deadline, it is difficult to trace back adjustments that are reflected in the CAR in the subsequent year. MBAEA has had minimal audit adjustments in the most recent years making any reconciliations between the audit report and CAR easier to identify.

Conclusion – Response accepted.

E. Cost Allocation Plan – Entities are allowed to allocate overhead costs to program administered, if allowed by the program, based on an approved cost allocation plan. We determined MBAEA does not have a written cost allocation plan for allocating overhead costs to the pragmas administered by MBAEA.

Recommendation – MBAEA officials should develop a written cost allocation plan which allocates general overhead costs to programs administered by MBAEA on an approved basis, such as direct payroll costs. Officials should also ensure the plan complies with any federal regulations governing federally funded programs administered by MBAEA.

Response - Currently, MBAEA does not allocate any overhead costs to Federal Programs. MBAEA will formalize a cost allocation plan in writing in the event overhead costs are allocated to any Federal Programs.

Conclusion – Response accepted.

Schedules

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Comparison of Budget to Actual per Audit Reports
For the Period July 1, 2012 through June 30, 2018

	Fiscal Year 2013			Fiscal Year 2014		
Description	**Original Budget**	**Final Budget**	**Actual**	**Original Budget**	**Final Budget**	**Actual**
Revenues:						
Local Sources	$ 10,038,078	11,327,164	10,581,904	11,482,490	9,984,029	9,616,257
State Sources	11,651,412	11,045,414	10,761,137	12,875,513	13,063,033	12,648,571
Federal Sources	11,850,540	11,939,273	11,852,766	11,939,273	12,429,261	12,277,509
Total Revenues	33,540,030	34,311,851	33,195,807	36,297,276	35,476,323	34,542,337
Expenditures:						
Instruction	1,694,645	1,068,034	1,271,861	1,469,125	1,383,727	1,110,103
Student Support Services	16,675,415	16,988,313	19,523,383	20,024,755	20,014,519	19,887,377
Instructional Staff Support Services	8,649,783	9,227,512	8,320,414	9,284,027	8,060,965	9,126,866
General Administration	1,539,750	3,094,235	2,349,111	1,227,324	1,992,950	2,630,204
Business Administration	1,873,016	2,526,630	971,430	1,969,064	1,683,985	1,055,090
Plant Op & Maintenance	956,426	1,296,776	1,281,388	1,147,127	1,166,744	831,058
Central and Other Support Services	2,256,422	269,855	1,472,067	2,888,063	2,819,976	1,511,539
Facilities Acquisition	-	1,675,000	1,218,422	-	45,000	43,683
Debt Service	316,545	316,545	316,545	320,345	323,545	323,505
Total Expenditures	33,962,002	36,462,900	36,724,621	38,329,830	37,491,411	36,519,425
Revenues over/(under) expenditures	(421,972)	(2,151,049)	(3,528,814)	(2,032,554)	(2,015,088)	(1,977,088)
Other Financing Sources/(Uses):						
Capital lease	-	-	20,754	-	-	-
Proceeds from the issuance of debt	-	-	-	-	-	-
Principal payments on debt refunding	-	-	-	-	-	-
Operating transfer in	316,545	1,991,545	1,534,967	-	-	-
Operating transfer out	(2,644,905)	(4,671,569)	(1,534,967)	-	-	-
Other financing sources (uses) ~	-	-	-	39,168	(48,200)	45,000
Total other financing sources (uses)	(2,328,360)	(2,680,024)	20,754	39,168	(48,200)	45,000
Change in Fund Balance	(2,750,332)	(4,831,073)	(3,508,060)	(1,993,386)	(2,063,288)	(1,932,088)
Beginning Fund Balance*	4,715,537	7,041,741	9,490,663	2,737,213	3,830,013	5,982,603
Ending Fund Balance	$ 1,965,205	2,210,668	5,982,603	743,827	1,766,725	4,050,515

~ - No additional description or breakout was provided in the audit report.
* - The beginning fund balance for fiscal year 2018 was restated to increase it for a $496,172 prior period adjustment.

Comparison of Budget to Actual per Audit Reports
For the Period July 1, 2012 through June 30, 2018

	Fiscal Year 2015			Fiscal Year 2016		
Description	**Original Budget**	**Final Budget**	**Actual**	**Original Budget**	**Final Budget**	**Actual**
Revenues:						
Local Sources	11,686,918	11,185,958	11,084,424	11,303,650	11,821,620	11,764,930
State Sources	13,613,743	12,002,518	11,641,425	13,517,663	12,218,639	11,721,504
Federal Sources	11,204,261	11,560,124	11,789,925	11,560,124	11,735,308	11,671,015
Total Revenues	36,504,922	34,748,600	34,515,774	36,381,437	35,775,567	35,157,449
Expenditures:						
Instruction	1,389,676	1,316,471	1,042,932	1,320,286	1,080,378	1,130,116
Student Support Services	20,511,230	21,300,972	20,677,908	20,252,130	19,291,700	20,830,678
Instructional Staff Support Services	8,107,488	9,841,526	10,110,075	9,004,996	9,146,212	9,988,087
General Administration	2,040,931	1,136,216	2,356,819	1,147,252	510,123	2,769,548
Business Administration	1,789,300	1,916,739	1,061,359	1,938,962	3,543,486	1,021,284
Plant Op & Maintenance	1,181,928	1,206,015	1,070,969	1,219,075	195,005	900,572
Central and Other Support Services	2,887,336	1,182,299	1,428,064	1,194,442	996,821	1,555,563
Facilities Acquisition	-	858,331	820,964	-	8,772	4,875
Debt Service	363,758	3,469,756	535,243	416,453	622,995	604,446
Total Expenditures	38,271,647	42,228,325	39,104,333	36,493,596	35,395,492	38,805,169
Revenues over/(under) expenditures	(1,766,725)	(7,479,725)	(4,588,559)	(112,159)	380,075	(3,647,720)
Other Financing Sources/(Uses):						
Capital lease	-	-	18,400	-	-	-
Proceeds from the issuance of debt	-	3,855,000	3,855,000	-	-	-
Principal payments on debt refunding	-	-	(3,360,000)	-	-	-
Operating transfer in	363,758	473,087	1,252,535	-	-	-
Operating transfer out	(363,758)	(473,087)	(1,252,535)	-	-	-
Other financing sources (uses) ~	-	-	-	-	-	-
Total other financing sources (uses)	-	3,855,000	513,400	-	-	-
Change in Fund Balance	(1,766,725)	(3,624,725)	(4,075,159)	(112,159)	380,075	(3,647,720)
Beginning Fund Balance*	1,766,725	3,736,884	4,050,515	112,159	(24,118)	(24,644)
Ending Fund Balance	-	112,159	(24,644)	-	355,957	(3,672,364)

~ - No additional description or breakout was provided in the audit report.
* - The beginning fund balance for fiscal year 2018 was restated to increase it for a $496,172 prior period adjustment.

Fiscal Year 2017			Fiscal Year 2018		
Original Budget	**Final Budget**	**Actual**	**Original Budget**	**Final Budget**	**Actual**
11,950,494	12,131,492	11,998,054	12,229,915	13,291,133	13,363,276
13,658,528	12,424,500	11,852,218	14,473,031	12,173,289	12,411,382
11,345,912	11,844,302	12,013,743	11,844,518	12,095,035	12,124,630
36,954,934	36,400,294	35,864,015	38,547,464	37,559,457	37,899,288
1,069,815	1,159,406	1,096,120	1,128,483	1,416,512	1,408,004
18,387,039	22,411,767	20,449,713	18,587,345	21,387,978	20,244,117
8,806,212	8,832,857	9,267,246	8,556,583	8,413,580	8,474,666
990,123	1,020,824	2,800,289	988,662	2,031,087	2,677,999
1,885,530	1,438,704	984,207	1,181,577	635,337	994,204
1,053,174	800,039	809,631	767,392	838,293	847,215
2,365,113	2,729,183	1,446,040	2,840,892	2,673,696	1,488,148
200,000	-	-	-	-	-
416,530	596,453	653,527	596,453	416,115	670,716
35,173,536	38,989,233	37,506,773	34,647,387	37,812,598	36,805,069
1,781,398	(2,588,939)	(1,642,758)	3,900,077	(253,141)	1,094,219
-	-	-		-	-
-	-	-		-	-
-	-	-		-	-
-	-	-		-	-
-	-	-		-	-
-	-	-	416,000	416,115	95,676
-	-	-	416,000	416,115	95,676
1,781,398	(2,588,939)	(1,642,758)	4,316,077	162,974	1,189,895
(1,775,792)	(1,564,937)	(3,672,364)	(2,815,241)	(4,656,460)	(4,818,950)
5,606	(4,153,876)	(5,315,122)	1,500,836	(4,493,486)	(3,629,055)

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Expenses by Category by Fiscal Year per CAR
For the Period July 1, 2012 through June 30, 2018

	Fiscal Year 2013	Fiscal Year 2014
General Fund		
Salaries	$ 21,381,889.20	21,964,001.85
Employee Benefits	5,562,412.98	5,825,656.92
Subtotal: Salaries and Benefits	26,944,302.18	27,789,658.77
Purchased Services	3,083,818.23	2,576,708.07
Supplies	1,135,390.16	1,175,241.28
Property	879,222.90	396,432.10
Miscellaneous Objects	11,725.38	13,073.40
Other Items	94,583.30	100,699.57
Interagency flow throughs	2,585,440.70	2,298,147.43
Fund Bal adjustment ^	-	-
Subtotal: Non-salaries and benefits	7,790,180.67	6,560,301.85
General Fund Subtotal	34,734,482.85	34,349,960.62
Capital Projects		
Purchased Services	1,218,422.41	43,683.12
Property	-	-
Capital Projects Subtotal	1,218,422.41	43,683.12
Debt Service		
Miscellaneous Objects	316,545.00	320,345.00
Other Items	-	-
Debt Service Subtotal	316,545.00	320,345.00
Juvenile Home		
Salaries	333,098.88	321,899.53
Employee Benefits	74,232.78	72,869.88
Subtotal: Salaries and Benefits	407,331.66	394,769.41
Purchased Services	12,448.26	4,579.37
Supplies	2,616.02	2,679.18
Property	5,963.26	4,846.22
Subtotal: Non-salaries and benefits	21,027.54	12,104.77
Juvenile Home Subtotal	428,359.20	406,874.18
Total expenditures per CAR	$ 36,697,809.46	$ 35,120,862.92

Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
23,761,105.75	23,711,557.99	23,123,631.18	23,030,340.55
6,266,399.94	6,175,595.71	6,544,075.41	6,516,152.03
30,027,505.69	29,887,153.70	29,667,706.59	29,546,492.58
3,572,857.59	3,081,119.22	2,777,096.91	3,161,810.46
1,282,862.89	881,026.42	1,003,920.91	926,920.64
494,435.75	176,693.90	95,610.66	114,894.32
11,831.00	189,035.58	259,483.00	267,787.11
-	-	-	-
2,387,284.00	2,359,596.00	2,373,919.00	2,369,660.00
783,758.58	-	2,600,804.37	658,662.00
8,533,029.81	6,687,471.12	9,110,834.85	7,499,734.53
38,560,535.50	36,574,624.82	38,778,541.44	37,046,227.11
310,632.63	4,875.00	-	-
510,331.83	-	5,622.51	-
820,964.46	4,875.00	5,622.51	-
3,895,242.75	416,530.00	416,453.00	416,115.00
-	-	104,089.31	-
3,895,242.75	416,530.00	520,542.31	416,115.00
265,393.09	268,263.48	295,201.75	307,049.84
60,995.42	61,484.05	69,200.60	69,351.72
326,388.51	329,747.53	364,402.35	376,401.56
5,827.23	2,038.08	2,493.16	27,734.92
2,636.09	3,806.00	3,485.34	3,509.22
6,002.94	7,484.24	8,090.16	5,830.03
14,466.26	13,328.32	14,068.66	37,074.17
340,854.77	343,075.85	378,471.01	413,475.73
$ 43,617,597.48	$ 37,339,105.67	$ 39,683,177.27	$ 37,875,817.84

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Expenses by Category by Fiscal Year per CAR
For the Period July 1, 2012 through June 30, 2018

	Fiscal Year 2013		Fiscal Year 2014	
Total All Funds				
Salaries	$ 21,714,988.08	59.2%	22,285,901.38	63.5%
Employee Benefits	5,636,645.76	15.4%	5,898,526.80	16.8%
Subtotal: Salaries and Benefits	27,351,633.84	74.5%	28,184,428.18	80.2%
Purchased Services	4,314,688.90	11.8%	2,624,970.56	7.5%
Supplies	1,138,006.18	3.1%	1,177,920.46	3.4%
Property	885,186.16	2.4%	401,278.32	1.1%
Miscellaneous Objects	11,725.38	0.0%	13,073.40	0.0%
Other Items	94,583.30	0.3%	100,699.57	0.3%
Debt	316,545.00	0.9%	320,345.00	0.9%
Interagency flow through	2,585,440.70	7.0%	2,298,147.43	6.5%
Fund balance adjustment ^	-	0.0%	-	0.0%
Subtotal: Non-salaries and benefits	9,346,175.62	25.5%	6,936,434.74	19.8%
Grand Total	$ 36,697,809.46	100.0%	$ 35,120,862.92	100.0%

^ - Used to record adjustments made after the prior year CAR was submitted. The Department of Education does not allow CARs to be adjusted after submission.

Fiscal Year 2015		Fiscal Year 2016		Fiscal Year 2017		Fiscal Year 2018	
24,026,498.84	55.1%	23,979,821.47	64.2%	23,418,832.93	59.0%	23,337,390.39	61.6%
6,327,395.36	14.5%	6,237,079.76	16.7%	6,613,276.01	16.7%	6,585,503.75	17.4%
30,353,894.20	69.6%	30,216,901.23	80.9%	30,032,108.94	75.7%	29,922,894.14	79.0%
3,889,317.45	8.9%	3,088,032.30	8.3%	2,779,590.07	7.0%	3,189,545.38	8.4%
1,285,498.98	2.9%	884,832.42	2.4%	1,007,406.25	2.5%	930,429.86	2.5%
1,010,770.52	2.3%	184,178.14	0.5%	109,323.33	0.3%	120,724.35	0.3%
11,831.00	0.0%	189,035.58	0.5%	259,483.00	0.7%	267,787.11	0.7%
-	0.0%	-	0.0%	-	0.0%	-	0.0%
3,895,242.75	8.9%	416,530.00	1.1%	520,542.31	1.3%	416,115.00	1.1%
2,387,284.00	5.5%	2,359,596.00	6.3%	2,373,919.00	6.0%	2,369,660.00	6.3%
783,758.58	1.8%	-	0.0%	2,600,804.37	6.6%	658,662.00	1.7%
13,263,703.28	30.4%	7,122,204.44	19.1%	9,651,068.33	24.3%	7,952,923.70	21.0%
$ 43,617,597.48	100.0%	$ 37,339,105.67	100.0%	$ 39,683,177.27	100.0%	$ 37,875,817.84	100.0%

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Severance by Classification
For the Period July 1, 2012 through June 30, 2018

	Payout Percentages by Classification			
Years of Service	**Administrators**	**Administrative Support**	**Licensed**	**Classified Staff ~**
1	5%	5%	5%	5%
2	10%	10%	10%	10%
3	15%	15%	15%	15%
4	20%	20%	20%	20%
5	25%	25%	25%	25%
6	35%	35%	30%	25%
7	45%	45%	35%	25%
8	55%	55%	40%	25%
9	65%	65%	45%	25%
10	75%	75%	50%	50%
11	80%	80%	55%	50%
12	85%	85%	60%	50%
13	90%	90%	65%	50%
14	95%	95%	70%	50%
15	100%	100%	75%	75%
16	100%	100%	80%	75%
17	100%	100%	85%	75%
18	100%	100%	90%	75%
19	100%	100%	95%	75%
20+	100%	100%	100%	100%

~ - Classified staff hired before July 1, 2012 must work 20 years to receive a 100% payout. If staff were hired after July 1, 2012 and have less than 10 years of service who quit or are discharged for cause will not receive a payout. However, if any employee with less than 10 years of service is terminated due to lay-off, they will receive a payout in accordance with the payout schedule.

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Anticipatory Warrant Transactions
For the Period July 1, 2012 through June 30, 2018

		Per MBAEA Accounting System		
Series	**Bank Date**	**Transaction Description**	**Description**	**Amount**
FY2015A	08/14/14	1st Disburse	Principal	$ 2,000,000.00
FY2015A	08/14/14	FASB Paid CR	FASB Paid CR	(250.00)
FY2015A	09/10/14	Addl Disburse	Principal	1,000,000.00
FY2015A	09/12/14	Reg Pmt	Interest	(5,777.78)
FY2015A	10/13/14	Reg Pmt	Interest	(8,576.39)
FY2015A	11/17/14	Reg Pmt	Interest	(8,395.83)
FY2015A	12/19/14	Unsched Pmt	Principal	(1,500,000.00)
FY2015A	01/12/15	Reg Pmt	Interest	(8,125.00)
FY2015A	01/12/15	Reg Pmt	Interest	(4,739.58)
FY2015A	01/13/15	Addl Disburse	Principal	500,000.00
FY2015A	01/30/15	Payoff	Principal	(2,000,000.00)
FY2015A	01/30/15	Payoff	Interest	(2,798.61)
Subtotal of FY2015A				
FY2015B	02/11/15	FASB Paid CR	FASB Paid CR	$ (250.00)
FY2015B	02/12/15	1st Disburse	Principal	1,000,000.00
FY2015B	03/12/15	Reg Pmt	Interest	(2,798.61)
FY2015B	03/13/15	Addl Disburse	Principal	500,000.00
FY2015B	04/13/15	Addl Disburse	Principal	500,000.00
FY2015B	04/13/15	Reg Pmt	Interest	(4,288.20)
FY2015B	05/13/15	Reg Pmt	Interest	(5,506.94)
FY2015B	06/30/15	Payoff	Principal	(2,000,000.00)
FY2015B	06/30/15	Payoff	Interest	(8,305.56)
Subtotal of FY2015B				
FY2016	07/01/15	1st Disburse	Principal	$ 2,000,000.00
FY2016	07/01/15	FASB Paid CR	FASB Paid CR	(250.00)
FY2016	07/15/15	Addl Disburse	Principal	1,500,000.00
FY2016	07/20/15	Reg Pmt	Interest	(2,527.78)
FY2016	07/27/15	Addl Disburse	Principal	1,500,000.00
FY2016	08/17/15	Reg Pmt	Interest	(12,368.05)
FY2016	08/25/15	Addl Disburse	Principal	1,000,000.00
FY2016	09/08/15	Addl Disburse	Principal	1,000,000.00

Summary of Selected Transactions			
Amount Drawn	**Repayment of Principal**	**Interest Paid**	**Principal Balance Outstanding**
$ 2,000,000.00	-	-	2,000,000.00
-	-	-	-
1,000,000.00	-	-	3,000,000.00
-	-	5,777.78	-
-	-	8,576.39	-
-	-	8,395.83	-
-	1,500,000.00	-	1,500,000.00
-	-	8,125.00	-
-	-	4,739.58	-
500,000.00	-	-	2,000,000.00
-	2,000,000.00	-	-
-	-	2,798.61	-
3,500,000.00	3,500,000.00	38,413.19	
-	-	-	-
1,000,000.00	-	-	1,000,000.00
-	-	2,798.61	-
500,000.00	-	-	1,500,000.00
500,000.00	-	-	2,000,000.00
-	-	4,288.20	-
-	-	5,506.94	-
-	2,000,000.00	-	-
-	-	8,305.56	-
2,000,000.00	2,000,000.00	20,899.31	
2,000,000.00	-	-	2,000,000.00
-	-	-	-
1,500,000.00	-	-	3,500,000.00
-	-	2,527.78	-
1,500,000.00	-	-	5,000,000.00
-	-	12,368.05	-
1,000,000.00	-	-	6,000,000.00
1,000,000.00	-	-	7,000,000.00

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		Per MBAEA Accounting System		
Series	**Bank Date**	**Transaction Description**	**Description**	**Amount**
FY2016	09/14/15	Reg Pmt	Interest	(15,888.89)
FY2016	10/16/15	Reg Pmt	Interest	(19,590.28)
FY2016	11/16/15	Reg Pmt	Interest	(19,590.28)
FY2016	12/21/15	Reg Pmt	Interest	(18,958.33)
FY2016	01/15/16	Reg Pmt	Interest	(19,590.28)
FY2016	02/23/16	Unsched Pmt	Principal	(1,000,000.00)
FY2016	02/26/16	Reg Pmt	Interest	(19,590.28)
FY2016	03/11/16	Reg Pmt	Interest	(16,430.55)
FY2016	03/31/16	Reg Pmt	Interest	(16,791.67)
FY2016	03/31/16	Unsched Pmt	Principal	(983,208.33)
FY2016	04/25/16	Unsched Pmt	Principal	(1,000,000.00)
FY2016	58/31/16	Reg Pmt	Interest	(10,450.16)
FY2016	05/31/16	Unsched Pmt	Principal	(200,000.00)
FY2016	07/01/16	Unsched Pmt	Principal	(1,216,791.67)
FY2016	07/01/16	Unsched Pmt	Interest	(16,139.18)
FY2016	07/01/16	FASB Paid CR	FASB Paid CR	(250.00)
FY2016	07/05/16	Reg Pmt	Interest	(3,520.83)
FY2016	07/05/16	Unsched Pmt	Principal	(7,449.77)
FY2016	08/15/19	Reg Pmt	Interest	(7,248.81)
FY2016	09/12/16	Reg Pmt	Interest	(7,255.54)
FY2016	09/29/16	Payoff	Principal	(2,592,550.23)
FY2016	09/29/16	Payoff	Interest	(3,276.70)
Subtotal of 2016				
FY2017	07/01/16	1st Disburse	Principal	$ 2,500,000.00
FY2017	07/01/16	FASB Paid CR	FASB Paid CR	(250.00)
FY2017	07/13/16	Addl Disburse	Principal	500,000.00
FY2017	07/21/16	Addl Disburse	Principal	1,000,000.00
FY2017	07/21/16	Reg Pmt	Interest	(3,159.72)
FY2017	08/04/16	Addl Disburse	Principal	750,000.00
FY2017	08/19/19	Reg Pmt	Interest	(11,487.85)
FY2017	09/01/16	Addl Disburse	Principal	500,000.00
FY2017	09/12/16	Reg Pmt	Interest	(13,925.35)

Summary of Selected Transactions			
Amount Drawn	**Repayment of Principal**	**Interest Paid**	**Principal Balance Outstanding**
-	-	15,888.89	-
-	-	19,590.28	-
-	-	19,590.28	-
-	-	18,958.33	-
-	-	19,590.28	-
-	1,000,000.00	-	6,000,000.00
-	-	19,590.28	-
-	-	16,430.55	-
-	-	16,791.67	-
-	983,208.33	-	5,016,791.67
-	1,000,000.00	-	4,016,791.67
-	-	10,450.16	-
-	200,000.00	-	3,816,791.67
-	1,216,791.67	-	2,600,000.00
-	-	16,139.18	-
-	-	-	-
-	-	3,520.83	-
-	7,449.77	-	2,592,550.23
-	-	7,248.81	-
-	-	7,255.54	-
-	2,592,550.23	-	-
-	-	3,276.70	-
7,000,000.00	7,000,000.00	209,217.61	
2,500,000.00	-	-	2,500,000.00
-	-	-	-
500,000.00	-	-	3,000,000.00
1,000,000.00	-	-	4,000,000.00
-	-	3,159.72	-
750,000.00	-	-	4,750,000.00
-	-	11,487.85	-
500,000.00	-	-	5,250,000.00
-	-	13,925.35	-

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		Per MBAEA Accounting System		
Series	**Bank Date**	**Transaction Description**	**Description**	**Amount**
FY2017	09/29/16	Addl Disburse	Principal	3,000,000.00
FY2017	10/14/16	Addl Disburse	Principal	300,000.00
FY2017	10/26/16	Reg Pmt	Interest	(18,552.08)
FY2017	11/16/16	Reg Pmt	Interest	(23,955.21)
FY2017	12/12/16	Reg Pmt	Interest	(23,156.25)
FY2017	01/13/17	Reg Pmt	Interest	(23,928.12)
FY2017	02/10/17	Reg Pmt	Interest	(23,928.13)
FY2017	02/28/17	Unsched Pmt	Principal	(1,000,000.00)
FY2017	03/10/17	Reg Pmt	Interest	(20,258.33)
FY2017	03/31/17	Unsched Pmt	Principal	(1,000,000.00)
FY2017	04/12/17	Addl Disburse	Principal	450,000.00
FY2017	04/21/17	Reg Pmt	Interest	(19,775.35)
FY2017	05/22/17	Unsched Pmt	Principal	(1,000,000.00)
FY2017	05/25/17	Reg Pmt	Interest	(19,080.21)
FY2017	06/23/17	Unsched Pmt	Principal	(800,000.00)
FY2017	06/27/19	Reg Pmt	Interest	(17,423.61)
FY2017	07/14/17	FASB Paid CR	FASB Paid CR	(250.00)
FY2017	07/14/17	Unsched Pmt	Interest	(7,619.44)
FY2017	07/20/17	Reg Pmt	Interest	(8,211.67)
FY2017	08/18/17	Reg Pmt	Interest	(16,970.78)
FY2017	09/06/17	Unsched Pmt	Principal	(1,000,000.00)
FY2017	09/15/17	Reg Pmt	Interest	(16,970.77)
FY2017	09/21/17	Unsched Pmt	Principal	(3,000,000.00)
FY2017	09/28/17	Payoff	Principal	(1,200,000.00)
FY2017	09/28/17	Payoff	Interest	(2,589.84)
Subtotal of FY2017				
FY2018	07/03/17	Initial Advance	Principal	$ 1,000,000.00
FY2018	07/06/17	Principal Advance	Principal	500,000.00
FY2018	07/14/17	Closing Costs	Fee	(250.00)
FY2018	07/17/17	Payment	Interest	(1,263.33)
FY2018	07/18/17	Principal Advance	Principal	1,000,000.00
FY2018	08/18/17	Payment	Interest	(8,422.23)

Summary of Selected Transactions			
Amount Drawn	**Repayment of Principal**	**Interest Paid**	**Principal Balance Outstanding**
3,000,000.00	-	-	8,250,000.00
300,000.00	-	-	8,550,000.00
-	-	18,552.08	-
-	-	23,955.21	-
-	-	23,156.25	-
-	-	23,928.12	-
-	-	23,928.13	-
-	1,000,000.00	-	7,550,000.00
-	-	20,258.33	-
-	1,000,000.00	-	6,550,000.00
450,000.00	-	-	7,000,000.00
-	-	19,775.35	-
-	1,000,000.00	-	6,000,000.00
-	-	19,080.21	-
-	800,000.00	-	5,200,000.00
-	-	17,423.61	-
-	-	-	-
-	-	7,619.44	-
-	-	8,211.67	-
-	-	16,970.78	-
-	1,000,000.00	-	4,200,000.00
-	-	16,970.77	-
-	3,000,000.00	-	1,200,000.00
-	1,200,000.00	-	-
-	-	2,589.84	-
9,000,000.00	9,000,000.00	270,992.71	
1,000,000.00	-	-	1,000,000.00
500,000.00	-	-	1,500,000.00
-	-	-	-
-	-	1,263.33	-
1,000,000.00	-	-	2,500,000.00
-	-	8,422.23	-

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Series	**Bank Date**	**Transaction Description**	**Description**	**Amount**
FY2018	08/30/17	Principal Advance	Principal	1,000,000.00
FY2018	09/12/17	Principal Advance	Principal	2,500,000.00
FY2018	09/15/17	Payment	Interest	(9,843.47)
FY2018	09/27/17	Principal Advance	Principal	2,000,000.00
FY2018	10/17/17	Payment	Interest	(23,529.58)
FY2018	11/13/17	Payment	Interest	(26,108.89)
FY2018	12/12/17	Payment	Interest	(25,266.67)
FY2018	01/19/18	Payment	Interest	(26,108.89)
FY2018	01/26/18	Payment	Principal	(1,000,000.00)
FY2018	02/09/18	Payment	Interest	(24,003.33)
FY2018	02/21/18	Payment	Principal	(1,000,000.00)
FY2018	03/09/18	Payment	Interest	(18,318.33)
FY2018	03/15/18	Principal Advance	Principal	500,000.00
FY2018	04/13/18	Payment	Interest	(21,213.47)
FY2018	05/01/18	Unsched Pmt	Principal	(1,500,000.00)
FY2018	05/23/18	Unsched Pmt	Principal	(1,000,000.00)
FY2018	06/11/18	Addl Disburse	Principal	500,000.00
FY2018	06/12/18	Reg Pmt - Eff DTE	Interest	(18,160.42)
FY2018	06/29/18	Unsched Pmt	Other	(1,500,000.00)
FY2018	07/02/18	Unsched Pmt	Interest	(21,055.56)
FY2018	07/02/18	FASB Paid CR	FASB Paid Cr	(250.00)
FY2018	08/07/18	Reg Pmt - Eff DTE	Interest	(5,789.86)
FY2018	08/20/18	Reg Pmt - Eff DTE	Interest	(11,599.16)
FY2018	09/28/18	Payoff	Interest	(16,463.34)
FY2018	09/28/18	Payoff	Principal	(3,000,000.00)
Subtotal of FY2018				
FY2019	7/2/18	Initial Advane	Principal	$ 3,000,000
FY2019	7/25/18	Principal Advance	Principal	500,000.00
FY2019	7/30/18	Principal Advance	Principal	1,500,000.00
FY2019	8/6/18	Payment	Interest	(4,864.17)
FY2019	8/20/18	Principal Advance	Principal	500,000.00

Summary of Selected Transactions			
Amount Drawn	**Repayment of Principal**	**Interest Paid**	**Principal Balance Outstanding**
1,000,000.00	-	-	3,500,000.00
2,500,000.00	-	-	6,000,000.00
-	-	9,843.47	-
2,000,000.00	-	-	8,000,000.00
-	-	23,529.58	-
-	-	26,108.89	-
-	-	25,266.67	-
-	-	26,108.89	-
-	1,000,000.00	-	7,000,000.00
-	-	24,003.33	-
-	1,000,000.00	-	6,000,000.00
-	-	18,318.33	-
500,000.00	-	-	6,500,000.00
-	-	21,213.47	-
-	1,500,000.00	-	5,000,000.00
-	1,000,000.00	-	4,000,000.00
500,000.00	-	-	4,500,000.00
-	-	18,160.42	-
-	1,500,000.00	-	3,000,000.00
-	-	21,055.56	-
-	-	-	-
-	-	5,789.86	-
-	-	11,599.16	-
-	-	16,463.34	-
-	3,000,000.00	-	-
9,000,000.00	9,000,000.00	257,146.53	
3,000,000.00	-	-	3,000,000.00
500,000.00	-	-	3,500,000.00
1,500,000.00	-	-	5,000,000.00
-	-	4,864.17	-
500,000.00	-	-	5,500,000.00

Anticipatory Warrant Transactions
For the Period July 1, 2012 through June 30, 2018

		Per MBAEA Accounting System		
Series	**Bank Date**	**Transaction Description**	**Description**	**Amount**
FY2019	8/20/18	Payment	Interest	(15,902.08)
FY2019	8/31/18	Principal Advance	Principal	1,000,000.00
FY2019	9/17/18	Payment	Interest	(22,824.17)
FY2019	9/26/18	Principal Advance	Principal	1,500,000.00
FY2019	1/15/19	Payment	Interest	(30,931.11)
FY2019	2/15/19	Payment	Interest	(30,931.11)
FY2019	3/15/19	Payment	Interest	(27,937.78)
FY2019	3/27/19	Payment	Principal	(1,500,000.00)
FY2019	4/15/19	Payment	Interest	(27,376.53)
FY2019	4/30/19	Payment	Principal	(1,800,000.00)
FY2019	4/30/19	Payment	Interest	(24,320.83)
FY2019	6/3/19	Payment	Principal	(1,800,000.00)
FY2019	6/17/19	Payment	Interest	(14,944.06)
FY2019	6/28/19	Payment	Principal	(1,900,000.00)
FY2019	8/19/19	Payment	Interest	(13,304.17)
FY2019	8/19/19	Payment	Interest	(13,304.17)
FY2019	9/3/19	Payment	Interest	(4,434.72)
FY2019	9/23/19	Payment	Principal	(1,000,000.00)
FY2019	9/23/19	Payment	Interest	(3,147.23)
Subtotal of FY2019				
Total				

Summary of Selected Transactions			
Amount Drawn	**Repayment of Principal**	**Interest Paid**	**Principal Balance Outstanding**
-	-	15,902.08	-
1,000,000.00	-	-	6,500,000.00
-	-	22,824.17	-
1,500,000.00	-	-	8,000,000.00
-	-	30,931.11	-
-	-	30,931.11	-
-	-	27,937.78	-
-	1,500,000.00	-	6,500,000.00
-	-	27,376.53	-
-	1,800,000.00	-	4,700,000.00
-	-	24,320.83	-
-	1,800,000.00	-	2,900,000.00
-	-	14,944.06	-
-	1,900,000.00	-	1,000,000.00
-	-	13,304.17	-
-	-	13,304.17	-
-	-	4,434.72	-
-	1,000,000.00	-	-
-	-	3,147.23	-
8,000,000.00	8,000,000.00	234,222.13	
$ 38,500,000.00	38,500,000.00	1,030,891.48	

Report on Review
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Mississippi Bend Area Education Agency

Construction Costs
For the Period July 1, 2012 through June 30, 2018

Per MBAEA Accounting System

Journal Date	Fiscal Year	Account Description	Vendor Name
Purchase price and Issuance costs:			
10/30/14	15	BUILDING PURCHASE	*Not listed in ledger*
11/12/14	15	BUILDING PURCHASE	D.A. DAVIDSON & CO.
12/16/14	15	BUILDING PURCHASE	DORSEY & WHITNEY, LLP
03/19/15	15	BUILDING PURCHASE	DORSEY & WHITNEY, LLP
Subtotal			
Renovation and equipment costs:			
03/12/15	15	BUILDING IMPROVEMENTS	BETTENDORF N & S SYSTEMS
03/12/15	15	BUILDING IMPROVEMENTS	BETTENDORF N & S SYSTEMS
03/12/15	15	BUILDING IMPROVEMENTS	BETTENDORF N & S SYSTEMS
07/27/15	16	BUILDING IMPROVEMENTS	BETTENDORF N & S SYSTEMS
07/27/15	16	BUILDING IMPROVEMENTS	BETTENDORF N & S SYSTEMS
02/18/15	15	BUILDING IMPROVEMENTS	CARD CENTER
02/18/15	15	BUILDING IMPROVEMENTS	CARD CENTER
03/13/15	15	BUILDING IMPROVEMENTS	CARD CENTER
03/16/15	15	BUILDING IMPROVEMENTS	CARD CENTER
03/24/15	15	BUILDING IMPROVEMENTS	CARD CENTER
04/15/15	15	BUILDING IMPROVEMENTS	CARD CENTER
04/15/15	15	BUILDING IMPROVEMENTS	CARD CENTER
04/23/15	15	BUILDING IMPROVEMENTS	CARD CENTER
04/23/15	15	BUILDING IMPROVEMENTS	CARD CENTER
04/23/15	15	BUILDING IMPROVEMENTS	CARD CENTER
04/23/15	15	BUILDING IMPROVEMENTS	CARD CENTER
04/23/15	15	BUILDING IMPROVEMENTS	CARD CENTER
04/23/15	15	BUILDING IMPROVEMENTS	CARD CENTER
04/23/15	15	BUILDING IMPROVEMENTS	CARD CENTER
05/13/15	15	BUILDING IMPROVEMENTS	CARD CENTER
05/13/15	15	BUILDING IMPROVEMENTS	CARD CENTER
05/13/15	15	BUILDING IMPROVEMENTS	CARD CENTER
05/13/15	15	BUILDING IMPROVEMENTS	CARD CENTER
05/13/15	15	BUILDING IMPROVEMENTS	CARD CENTER

Journal Description	Amount
Aquisition of Clinton Building	$ 510,331.83
PROJECT # 15 264 0501 0	38,550.00
# 476236-00005 LEGAL SRV THRO	16,000.00
CLIENT MATTER # 476236-00005	306.93
	565,188.76
installation of restricted key	3,945.00
camera system for new clinton	3,950.00
access control for building A	4,950.00
addition of 2 security cameras	550.00
remove current equipment & wir	4,325.00
BED BATH CLINTON- TOTES (ZIMME	45.98
HOME DEPOT CLINTON- CABINET (Z	690.02
Sherwin Williams- Vince	30.62
Amazon-power wheels	144.80
ZIMMER-CREDIT CARD- HOME DEPOT	368.64
Maintenance supplies	51.69
Menards- Lloyd Boevers	171.36
Home Depot - Credit	(82.99)
Home Depot - Credit	(11.75)
Home Depot - Clinton Office	3.21
Sherwin Williams - Clinton Off	24.13
Home Depot - Clinton Office	78.31
Sherwin Williams - Clinton off	96.51
Home Depot - Clinton Office	488.00
Void Check	(488.00)
Void Check	(171.36)
Void Check	(96.51)
HOME DEPOT	(82.99)
Void Check	(78.31)

Construction Costs
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Per MBAEA Accounting System

Journal Date	Fiscal Year	Account Description	Vendor Name
05/13/15	15	BUILDING IMPROVEMENTS	CARD CENTER
05/13/15	15	BUILDING IMPROVEMENTS	CARD CENTER
05/13/15	15	BUILDING IMPROVEMENTS	CARD CENTER
05/13/15	15	BUILDING IMPROVEMENTS	CARD CENTER
05/13/15	15	BUILDING IMPROVEMENTS	CARD CENTER
05/13/15	15	BUILDING IMPROVEMENTS	CARD CENTER
05/13/15	15	BUILDING IMPROVEMENTS	CARD CENTER
05/13/15	15	BUILDING IMPROVEMENTS	CARD CENTER
05/13/15	15	BUILDING IMPROVEMENTS	CARD CENTER
05/13/15	15	BUILDING IMPROVEMENTS	CARD CENTER
05/13/15	15	BUILDING IMPROVEMENTS	CARD CENTER
05/13/15	15	BUILDING IMPROVEMENTS	CARD CENTER
05/13/15	15	BUILDING IMPROVEMENTS	CARD CENTER
05/15/15	15	BUILDING IMPROVEMENTS	CARD CENTER
01/08/15	15	BUILDING IMPROVEMENTS	CITY OF CLINTON
02/04/15	15	BUILDING IMPROVEMENTS	COMPANY ONE FIRE SUPPRESSION
04/13/15	15	BUILDING IMPROVEMENTS	COMPANY ONE FIRE SUPPRESSION
04/29/15	15	BUILDING IMPROVEMENTS	COMPANY ONE FIRE SUPPRESSION
03/12/15	15	BUILDING IMPROVEMENTS	D & S MOVING
03/12/15	15	BUILDING IMPROVEMENTS	D & S MOVING
03/12/15	15	BUILDING IMPROVEMENTS	D & S MOVING
03/12/15	15	BUILDING IMPROVEMENTS	D & S MOVING
02/04/15	15	BUILDING IMPROVEMENTS	ECLIPSE ACOUSTIC SOLUTIONS, IN
03/10/15	15	BUILDING IMPROVEMENTS	FREEMAN TREE FARM
03/04/15	15	BUILDING IMPROVEMENTS	HUSSMANN SERVICES CORPORATION
04/13/15	15	BUILDING IMPROVEMENTS	IOWA IL TAYLOR INSULATION .
03/04/15	15	BUILDING IMPROVEMENTS	K & K HARDWARE
04/01/15	15	BUILDING IMPROVEMENTS	K & K HARDWARE
02/04/15	15	BUILDING IMPROVEMENTS	NORTHWEST MECHANICAL INC.
03/12/15	15	BUILDING IMPROVEMENTS	NORTHWEST MECHANICAL INC.
03/12/15	15	BUILDING IMPROVEMENTS	NORTHWEST MECHANICAL INC.

Journal Description	Amount
Void Check	(51.69)
Void Check	(24.13)
Sherwin Williams - Clinton Off	(11.75)
Void Check	(3.21)
Home Depot - Clinton Office	3.21
Void Check	11.75
Sherwin Williams - Clinton Off	24.13
Maintenance supplies	51.69
Sherwin Williams - Clinton Off	78.31
Void Check	82.99
Sherwin Williams - Clinton Off	96.51
Bettendorf Staples	171.36
HOME DEPOT	488.00
Lloyd Home Depot	31.10
commercial interior remodel pe	283.00
installation of 4 smoke detect	690.00
cellular dialer - to take the	1,310.00
extra fire alarm repairs	1,135.00
moving Clinton office	1,015.00
moving Clinton office	1,180.00
moving Clinton office	1,955.00
moving Clinton office	2,025.00
move hearing booth to new clin	4,950.00
Installation of mailbox	65.00
furnish & install scotsman sel	3,671.09
fire stop penetrations in elec	985.00
Open PO for harware, building	125.50
None	280.48
plumbing repairs & replacement	4,672.00
Open PO for mechanical & plumb	839.00
Open PO for mechanical & plumb	1,875.58

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Construction Costs
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Per MBAEA Accounting System			
Journal Date	**Fiscal Year**	**Account Description**	**Vendor Name**
04/13/15	15	BUILDING IMPROVEMENTS	NORTHWEST MECHANICAL INC.
04/13/15	15	BUILDING IMPROVEMENTS	NORTHWEST MECHANICAL INC.
04/13/15	15	BUILDING IMPROVEMENTS	NORTHWEST MECHANICAL INC.
02/04/15	15	BUILDING IMPROVEMENTS	PETERSEN-HAGGE FURNITURE
02/04/15	15	BUILDING IMPROVEMENTS	PETERSEN-HAGGE FURNITURE
03/12/15	15	BUILDING IMPROVEMENTS	PIGOTT, INC.
03/12/15	15	BUILDING IMPROVEMENTS	PIGOTT, INC.
03/12/15	15	BUILDING IMPROVEMENTS	PIGOTT, INC.
03/12/15	15	BUILDING IMPROVEMENTS	PIGOTT, INC.
03/12/15	15	BUILDING IMPROVEMENTS	PIGOTT, INC.
03/12/15	15	BUILDING IMPROVEMENTS	PIGOTT, INC.
03/12/15	15	BUILDING IMPROVEMENTS	PIGOTT, INC.
03/12/15	15	BUILDING IMPROVEMENTS	PIGOTT, INC.
03/12/15	15	BUILDING IMPROVEMENTS	PIGOTT, INC.
03/12/15	15	BUILDING IMPROVEMENTS	PIGOTT, INC.
03/12/15	15	BUILDING IMPROVEMENTS	PIGOTT, INC.
03/12/15	15	BUILDING IMPROVEMENTS	PIGOTT, INC.
03/12/15	15	BUILDING IMPROVEMENTS	PIGOTT, INC.
03/12/15	15	BUILDING IMPROVEMENTS	PIGOTT, INC.
03/12/15	15	BUILDING IMPROVEMENTS	PIGOTT, INC.
03/12/15	15	BUILDING IMPROVEMENTS	PIGOTT, INC.
03/12/15	15	BUILDING IMPROVEMENTS	PIGOTT, INC.
04/13/15	15	BUILDING IMPROVEMENTS	PIPECO ELECTRIC
04/13/15	15	BUILDING IMPROVEMENTS	PIPECO ELECTRIC
04/13/15	15	BUILDING IMPROVEMENTS	PIPECO ELECTRIC
04/13/15	15	BUILDING IMPROVEMENTS	PIPECO ELECTRIC
04/13/15	15	BUILDING IMPROVEMENTS	PIPECO ELECTRIC
04/13/15	15	BUILDING IMPROVEMENTS	PIPECO ELECTRIC
03/12/15	15	BUILDING IMPROVEMENTS	RIVERBEND SIGN WORKS
03/12/15	15	BUILDING IMPROVEMENTS	RIVERBEND SIGN WORKS
04/13/15	15	BUILDING IMPROVEMENTS	RIVERBEND SIGN WORKS

Journal Description	Amount
Open PO for mechanical & plumb	683.77
Remove and replace water coole	1,575.00
south building plumbing extras	4,346.00
vinyl flooring in custodial cl	2,422.75
carpet & cove base installatio	47,724.50
chr, caper stacking, FLEXNET s	1,580.73
frame, open base 46h 30w	2,546.20
15 amp receptacle 4 circiut, d	3,884.84
rectangular surface, sq-edge,	4,000.72
AO2 hardware pack service, loc	4,305.36
table, scow foldaway, laminate	4,389.77
bookcase, security back pnl, b	4,514.41
flip-top rect table, squared e	4,563.20
flip-top rect table, squared e	4,563.20
file, FS lat std pull, 3 11 3/	4,742.76
chr, caper stacking, FLEXNET s	4,810.05
chr, caper stacking, FLEXNET s	4,810.05
chr, caper stacking, FLEXNET s	4,810.05
chr, caper stacking, FLEXNET s	4,810.05
chr, caper stacking, FLEXNET s	4,810.05
table, scow foldaway, laminate	4,911.75
chr,selu multipurpose, 5-star	4,968.84
additional emergency lights -	582.28
additional light fixtures - ne	1,350.00
conduit, wire, fittings and ma	2,061.55
wiremold floor system for coll	3,632.60
additional labor - new clinton	4,593.50
electrical repairs & construct	15,000.00
Signwork for new Clinton build	731.11
Sign's for new Clinton buildin	4,957.78
Signwork for new Clinton build	1,397.02

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Per MBAEA Accounting System

Journal Date	Fiscal Year	Account Description	Vendor Name
02/04/15	15	BUILDING IMPROVEMENTS	STAPLES ADVANTAGE
02/04/15	15	BUILDING IMPROVEMENTS	STAPLES ADVANTAGE
02/04/15	15	BUILDING IMPROVEMENTS	STAPLES ADVANTAGE
02/04/15	15	BUILDING IMPROVEMENTS	STAPLES ADVANTAGE
02/04/15	15	BUILDING IMPROVEMENTS	STAPLES ADVANTAGE
02/04/15	15	BUILDING IMPROVEMENTS	STAPLES ADVANTAGE
02/04/15	15	BUILDING IMPROVEMENTS	STAPLES ADVANTAGE
02/04/15	15	BUILDING IMPROVEMENTS	STAPLES ADVANTAGE
02/04/15	15	BUILDING IMPROVEMENTS	STAPLES ADVANTAGE
02/04/15	15	BUILDING IMPROVEMENTS	STAPLES ADVANTAGE
02/04/15	15	BUILDING IMPROVEMENTS	STAPLES ADVANTAGE
03/11/15	15	BUILDING IMPROVEMENTS	STAPLES ADVANTAGE
04/13/15	15	BUILDING IMPROVEMENTS	STAPLES ADVANTAGE
12/16/14	15	BUILDING IMPROVEMENTS	STEGMAIR PAINTING
03/12/15	15	BUILDING IMPROVEMENTS	STEGMAIR PAINTING
03/12/15	15	BUILDING IMPROVEMENTS	STEGMAIR PAINTING
03/12/15	15	BUILDING IMPROVEMENTS	TIETJENS-LOCKHART
03/12/15	15	BUILDING IMPROVEMENTS	TIETJENS-LOCKHART
03/12/15	15	BUILDING IMPROVEMENTS	TIETJENS-LOCKHART
03/12/15	15	BUILDING IMPROVEMENTS	TIETJENS-LOCKHART
03/12/15	15	BUILDING IMPROVEMENTS	TIETJENS-LOCKHART
03/12/15	15	BUILDING IMPROVEMENTS	TRANE
04/13/15	15	BUILDING IMPROVEMENTS	TRANE
05/18/15	15	BUILDING IMPROVEMENTS	TRI-CITY ELECTRIC COMPANY
Subtotal			
Total			

This list does not include all expenses for miscellaneous supplies, roll off containers, or similar small costs related to the building.

Journal Description	Amount
HON nucleus mid back work chai	893.36
National Monterrey one seat lo	934.99
National office furniture Reno	3,353.79
HON motivate high density stac	3,481.16
HON valido 18 w x 24 d x 67 h	3,488.04
HON valido penisula w/ end pan	3,987.12
National Office Furniture Reno	4,051.64
National Office Furniture Reno	4,051.64
National Office Furniture Reno	4,051.64
HON 39800 66 w 30 d 29 1/2 h m	4,562.48
HON initiate universal connect	4,860.15
HON motivate 4-leg stack chair	1,495.14
HON crescent handle kit brushe	113.95
materials & labor to paint new	1,380.00
extra painting work in Clinton	375.00
materials & labor to paint new	3,234.00
Extra projects completed at Cl	1,963.86
meeting room 2 construction	3,614.44
sector head office constructio	3,614.44
coordinator's office construct	3,614.44
meeting room 1 construction	3,614.44
Work at new Clinton Building	3,986.00
HVAC inspection report repairs	3,876.00
test & label existing network	2,792.74
	282,376.63
	$ 847,565.39

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Staff

This review was performed by:

James S. Cunningham, CPA, Director
Cole Hocker, Senior Auditor

Annette K. Campbell, CPA
Deputy Auditor of State