

Finance Department Staff Report – September 22, 2025

Agenda #9 - STAFF REPORT:

1. FY26 Proposed Amendments to the General Fund (100) - Public Hearing

1. We are focusing on the general fund operating account. The report provided shows what was appropriated in FY25, what the Board appropriated in FY26 (level funding) and amendments the Board made to the level funding in FY26.

Staff has reconciled salaries, fringe, and other budget line items to prior year actuals. The result is a shortage in many departments' FY26 budgets. In order to bring the current year's appropriated budget in line with anticipated actual expenditures, staff is proposing amendments. This is the new baseline for general fund operations.

Two Items:

1. **Library Budget:** The contract with LS&S is already in place and that handles staffing. Additional lines were necessary to cover the remaining expenses for the library function, and these mainly focus on building maintenance and operations. The County is expected to receive \$173k in state aid in FY26. I have included this amount in the proposed amendments in anticipation of this funding covering all other expenses. No additional funding from fund balance is requested at this time.
2. **Regional Airport:** I included \$25k in the proposed amendments for the Board's consideration.

The Board has already approved staff moving forward with a public hearing, if necessary, and as you can see by the total in the Proposed Amendments column, the amendments exceed 1% of the current year's general fund budgeted expenditures. With the Board's approval of the FY26 Proposed Amendments, staff will move forward with scheduling the public hearing. I request the Board's approval of the proposed amendments and would appreciate the Board's guidance as to which meeting date would be most appropriate for this hearing. **(ACTION ITEM)**

2. Reports provided this month:

1. FY26 Expenditure Report (General Fund 100)
2. FY26 Revenue Collection Report
3. FY25 Reconciled Year-End Cash Report (All accounts)
4. FY26 Reconciled YTD Cash Report (All accounts)

3. Historical Data (Budget):

1. The reports provided will look a little different next month. Staff is currently reconciling and entering FY25 budget data into the financial system, so future reports will show at least two years historical data. During this process, staff are also working on cleaning up the G/L accounts and realigning the budget to better align with the APA's Uniform Accounting Manual. This will help streamline reporting and auditing in the future.

4. FY26 Revenue Budget:

1. Staff continue to work on the estimated revenues for FY26. There are several outstanding questions regarding the reasoning for the estimations provided to you previously so we need time to reconcile those and will report back to you when appropriate.

5. Audit: FY25 audit is in full swing. Staff meet with CLA weekly to discuss progress. The APA deadline for submittal of the audit is December 15, 2025. It is our intention to present the audit to the Board just before that deadline. More to come on this.

1. CLA Accounting Services has been procured with the Board's approval to assist staff with specific accounting tasks that will enable us to properly close FY25 and assist with audit preparation. The goal is to have the supplemental services team onboard by the end of September. This engagement will be 20 hours per week or less and I have included an "on call" provision be included in the contract. This will allow staff to have access to a professional accounting team, if need be, and this will ensure a smooth transition from me to the permanent Director. CLA's first task will be to reconcile the trial balance back to the FY24 ACFR. Their second task will be to prove the methodology for the split levy calculations and to assist with reconciling the split levy monthly reporting for FY25. Adjustments may be necessary. Staff had a meeting with Steve Hudgins of the Town of West Point to discuss his concerns regarding the split levy. I explained that prior years have already been audited, so staff's focus will be to reconcile FY25 and

FY26. Their remaining tasks will be audit preparation and the preparation of various financial reports necessary for the audit report.

Addressing Audit Concerns:

1. One item was a comment by the auditors last year that referred to reconciliation of investment accounts and that guidance should be sent to the Treasurer. Just to be clear, the investment accounts under the Treasurer's purview are bank accounts only and those are reconciled to current. The other investment accounts that I believe he was referring to are bond accounts. Those have also been reconciled current. Those fall under the purview of the Finance department. This matter has been addressed.
2. The lack of internal controls was mentioned several times in the previous audit. We are working on implementing internal controls prior to the current audit completion that will mitigate the majority, if not all, of those comments.

6. Cost Allocation Plan:

1. Mr. Jeff Erway from ABM Consulting will be preparing the County's Cost Allocation Plan again this year. This effort is just getting underway and will require a bit of staff time to assemble all the information required to complete the report. Staff will present the report to the Board when it's complete.

7. Sales & Use Tax Reports:

1. It was brought to my attention that the Sales & Use Tax reports have not been filed with the Department of Taxation since November 2024. Those have now been reconciled and reported. We will wait to hear if any penalties will be assessed.

8. DHCD VATI Grant Report:

1. It was brought to my attention that we were found out of compliance for this program because the required reporting had not been filed timely. This has since been taken care of and we are again compliant. All funds have been spent, and this project is now closed.

9. IRS Notices

10. To Do List:

1. Continues to grow and fires are put out daily.
 1. K&Q Animal Shelter Billing - June YTD
 2. Reconcile RAS Restricted Funds Account
 3. A/R Reconciliations
 4. EDI Reconciliations
 5. HRSD Reconciliation and YE JE
 6. Due to/Due from Reconciliations between funds
 7. Year-End JE's
 8. Accrual JE's
 9. Complete Audit
 10. Complete CAP
 11. Continue to Clean Up GL/Close Unnecessary Funds
 12. Set up Recurring JE's
 13. Update/Document/Streamline Processes and Procedures

One final comment - the staff in the Finance office are dedicated, hardworking, and committed to the success of KWC. They deserve to be commended.

NEW BUSINESS:

Agenda #12C – Resolution 25-56 - School Resource Officer Grant - (ACTION ITEM)

Sheriff Lumpkin is in receipt of a grant through DCJS in the amount of \$154,303 through Award Number 2026-FREE-GRANT for the period of 7/1/2025 - 6/30/2026. This funding is a continuation of the School Resource Officer program and will be used for salaries for the SRO. State funding under this program is \$105,759, with a local match requirement of \$48,544. It is my understanding that this was never brought to the Board for acceptance and appropriation. Sheriff Lumpkins requests that this grant be accepted and the funding appropriated to his FY26 budget as stated.

Agenda #12D - Three Rivers Health District - (ACTION ITEM)

Three Rivers Health District is in receipt of their FY25 full allocation. Expenses were received after their fiscal year-end close and now they must be paid. They have \$10,906.30 remaining from their FY25 allocation. There is a request by Mr. Brenden Rivenbark, District Director, to the Board to approve this funding to be carried over into FY26 in order that they may pay their outstanding claims.

FY27 Budget Calendar:

Proposed FY27 Budget Calendar **(ACTION ITEM)**