

School Finance Basics

Presented for the Alaska Association of School Boards by
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About ALASBO

- Our mission: To promote the highest standards in school business practices
- 160 members from K-12 business offices
- Training and networking all year
- Affiliate of ASBO International and associate of the AK Council of School Administrators (ACSA)
- www.alasbo.org

Governing Information

- Generally Accepted Accounting Principles (GAAP)
- Governmental Accounting Standards Board (GASB)
- Board Policy
- Standard Operating Procedures (SOP)
- Chart of Accounts (COA)
[Uniform Chart of Accounts and Account Code Descriptions: 2018 Edition \(alaska.gov\)](#)
- Strategic Plan
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Presentation Outline

- Critical school finance functions
- Interaction with your district business office
- State funding basics
- Other funding sources
- Expenditures
- Budgeting basics
- Audit

Critical School Finance/Business Office Functions

- Policy Manual Section 3000 - Business & Non-Instructional Operations
 - Budgeting
 - Income (revenue)
 - Expenditures (payroll, purchasing, including contracts)
 - Management of assets (inventory, audits)
- Policy Manual Section 4000 - Personnel
 - Compensation and benefits (payroll)Policy Manual Section 4000 - Personnel

Additional Business Office Functions

- Policy Manual Section 3000 - Business & Non-Instructional Operations
 - Maintenance, risk management, pupil transportation, food service
- Policy Manual Section 4000 - Personnel
 - Recruiting, conditions of employment, negotiations
- Policy Manual Section 5000 - Students
 - Student records
- Policy Manual Section 7000 - New Construction
 - Planning, funding

Interaction with your District Business Office

- Review the organizational chart, as it relates to your board policy manual and district
- Request additional info through Superintendent
 - Request and review procedures manuals, negotiated agreements, chart of accounts
 - <https://education.alaska.gov/schoolfinance>
 - Request additional sessions to review critical documents
 - Monthly financial reports
 - Budgets
 - Audit reports

State Funding Basics

- It's complicated! \$\$/student too simplistic
- Variations in district and school types
- Eligibility for Impact Aid federal funding
- Politics
- Last formula re-write in 2000; tweaks since
- Joint Legislative Education Funding Task Force - implemented FY09-FY12
- APA Funding Program Review - July 2015

State Foundation Formula

- Terms to know
 - 20-day October count - enrollment, not attendance
 - OASIS state data collection system
 - Base student allocation (BSA)
 - School size adjustment
 - District Cost Factor
 - Special needs and career & tech ed (CTE) factors
 - Intensives and correspondence funding
 - Quality Schools grant
 - Impact aid deduction
 - Local contribution - required and “to the cap”
 - Hold harmless
- **DEED overview:**
<https://education.alaska.gov/SchoolFinance/pdf/Funding-Overview.pdf>

Other Funding Sources

- Federal
 - Title grants (NCLB/ESSA) - DEED administers
 - Impact Aid
 - Secure Rural Schools (SCRSA) - timber
 - Direct grants - Indian Ed, competitive grants
- Other Agencies - state, private

Expenditures

- School districts spend 80-90% of their operating budgets on wages and benefits
- Purchasing procedures critical for non-payroll expenditures
- Special revenue funds vs. operating (general) fund
 - Mandated by state chart of accounts
 - Food service, pupil transportation, student activities and all grants are accounted for in special revenue funds

Budgeting Basics

- Focus on operating (general fund) budget
- Board policy outlines timelines and public involvement - publish timelines for the public
- General fund budget due to state July 15
- Detailed budgeting is a “best guess” project
- Typically one or two revisions during the year
 - Student count (Oct); duplicates resolved (Feb/Mar)
 - Insurance, utilities rates
 - Personnel costs
 - Other unanticipated revenues and expenses

Audit

- Annual financial audit for June 30 year-end
 - Prepared during the mid-late summer
 - Board review in the fall
 - DEED review in November/December
 - GASB's to implement; 10% fund balance limit
- Program audits - food service, e-rate, impact aid, special ed, IRS
- Questions to ask
 - Did the auditor issue a favorable opinion?
 - Are there recommendations for improvement, and if so, how are these being addressed?



Questions?