The Board and the Budget Oversight & Process

Presented for the Alaska Association of School Boards by
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Questions?

• I don’t understand the budget
• How does the budget get constructed? By whom?
• What is our process for approving the budget?
• Do our stakeholders think we are transparent?
• Is there a link between the budget and the strategic plan and board goals?
Let’s set the stage

Stakeholders
Accountability/Transparency

Support and align
Student achievement
Who are your Stakeholders?

- Parents and Students
- Staff
- Taxpayers
- Community members
- Local government
- Tribes and ethnic organizations
What is a budget?

An estimate of Revenue & Expenses
A fiscal plan for you and your stakeholders
Detail of all Revenue and Expenditures expected for a future period of time
The Budget is Dynamic

- Living, flexible management tool
- Based on best information at the time of development
- Variance from the original document is not necessarily negative
Does the budget align with your strategic plan and board goals?

- Mission & Vision
- Strategic plan for the district
- Annual board goals
KENAI PENINSULA BOROUGH SCHOOL DISTRICT

STRATEGIC PLAN 2017 - 2022

OUR MISSION
Empower all learners to positively shape their futures.

OUR VISION
KPBSD will inspire all learners to pursue their dreams in a rigorous, relevant and responsive environment.

GUIDING PRINCIPLES
Every KPBSD student will graduate prepared for their future.
A strong, positive relationship with all students is the foundation of a quality education in KPBSD.
A KPBSD diploma guarantees a student is ready for life, college, and career.
READY
- **Life**: KPBSD students will demonstrate life readiness skills by possessing resiliency, grit, and perseverance to achieve their goals with a growth mindset that empowers them to approach their future with confidence.
- **College**: KPBSD students will demonstrate college readiness by meeting rigorous academic indicators and, or post-secondary assessment scores.
- **Career**: KPBSD students will demonstrate career readiness by identifying a career interest and meeting employability or experiential benchmarks.

RIGOR - *All Students will achieve high levels of academic growth*
- Students will learn in a performance-based instructional model.
- Student growth and success will be determined through multiple measures of learning.
- Students will have “accessible anywhere” curriculum without dependencies on particular technologies.

RELEVANCE - *Experience a personalized learning system*
- Students will learn in a flexible instructional model that is fluid and developmentally appropriate for all.
- Students will experience varied instructional strategies that target individual strengths and interests of each learner.
- Students will develop a personalized learner profile as demonstrated in their portfolio.
- Students will be given opportunities to develop healthy lifestyles and make healthy choices.
- Students will be provided instructional opportunities in partnership with parents and community that extend growth, exploration and learning beyond the classroom.

RESPONSIVE - *Be immersed in a high quality instructional environment*
- Prioritize strong, positive relationships with all students to support their social and emotional needs.
- Teachers will utilize a repertoire of high-yield instructional strategies that are research-based, high quality instructional strategies, within the instructional environment.
- Develop a culture of continuous innovation within all schools across the district.
- Professional learning is embedded and ongoing, resulting in continuous growth and innovation.
- Develop a highly reliable and efficient organization through online and concurrent collaboration tools.
Goal 1: Closing out of the current 2017 – 2022 Strategic Plan and Development of the 2022 – 2027 Strategic Plan

Goal 2: Strengthen KPBSD’s relationship with the Peninsula Legislative Delegation, Borough Assembly, Borough Administration, Families, and the Community at Large

Goal 3: Development of a Comprehensive Long-term Facilities Plan (in partnership with the Borough)
Let’s look at what is required of your Board
The Board and The Budget

- Approve an annual budget
- Regular **oversight** of the budget – financial reports
- Approve budget **adjustments/revision**
- Approval of **purchases** and **transfers** (check board policy for limits)
- Provides **accountability** to the public and the district
Budget Process

• Check your policy
• Board Policy section 3000, Business & non-instruction
• When must you submit to the state or locally? (State = July 15)
• City and Borough districts must submit budget to assembly usually by May 1\textsuperscript{st}. 
Budget Process, an example:

• Board sets initial budget development assumptions based on data and estimates
  • ADM (student count)
  • BSA (base student allocation)
  • Intensive Needs Students (number)
  • Use of fund balance (reserves)
• Initial draft budget compiled by Superintendent – surplus or deficit
  • Salary & benefits
  • Maintenance & operations
  • Activities
  • Food services
  • Transportation
Budget Process, an example:

• Budget committee work
  • Admin teams work
  • Stakeholder work sessions
  • Local Government & tribal work sessions
  • Committee checks for alignment with strategic plan and board goals
  • Recommendations to the board
• Public Hearing Process
  • The board holds public hearings (1 to several hearings) to take input on proposed budget
• Board adopts a budget
  • At a regular or special meeting, well noticed in advance, the board adopts the budget for the next fiscal year – roll call vote
Budget Cycle

- **November**: Winter Budget Revision
- **December**: Budget Development
- **January**: State Certifies October Number; Begin Hearing Process
- **July**: Submit to State
- **May/June**: Final Adjustments
- **October**: 20 day count
Budget Adjustment

Your budget was the best estimate at the time

An adjustment is a change to a previously approved budgeted amount, revenue or expenditure
Budget Adjustment/Revision

Initiated by the superintendent and requires the approval of the board

Usually occurs about twice per year (mid year, end of year)
Regular Financial Reports

Your oversight responsibility

- Regular reports to the board
- These reports are a snapshot in time
- Show monthly revenue/expenditure
- Understandable to all
Financial Reports

What to look for

• Is the revenue side living up to expectations?
  • Revenue at or above projection?
  • Attendance rates at or above projection? State funding estimate still good?
• Are the expenditures following the budget?
  • Any significant variances between budget and actual revenues and expenditures?
Revenue Report Example

August 2017 Board Report

<table>
<thead>
<tr>
<th>Account No</th>
<th>Account Description</th>
<th>Current Budget</th>
<th>YTD Encum</th>
<th>YTD Revenues</th>
<th>Remaining Balance</th>
<th>Percent Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>8-100-000-000-000-011</td>
<td>CITY/BORO APPROPRIATION</td>
<td>6,183,762.00</td>
<td>0.00</td>
<td>1,024,088.84</td>
<td>5,159,673.16</td>
<td>83.44%</td>
</tr>
<tr>
<td>8-100-000-000-000-040</td>
<td>MISC. LOCAL REVENUE</td>
<td>30,000.00</td>
<td>0.00</td>
<td>2,445.58</td>
<td>27,554.44</td>
<td>91.85%</td>
</tr>
<tr>
<td>8-100-000-000-000-047</td>
<td>E-RATE REVENUE</td>
<td>135,000.00</td>
<td>0.00</td>
<td>0.00</td>
<td>135,000.00</td>
<td>100.00%</td>
</tr>
<tr>
<td>8-100-000-000-000-050</td>
<td>QUALITY SCHOOLS</td>
<td>43,506.00</td>
<td>0.00</td>
<td>0.00</td>
<td>43,506.00</td>
<td>100.00%</td>
</tr>
<tr>
<td>8-100-000-000-000-051</td>
<td>FOUNDATION</td>
<td>12,811,052.00</td>
<td>0.00</td>
<td>2,235,272.00</td>
<td>10,575,780.00</td>
<td>82.55%</td>
</tr>
<tr>
<td>8-100-000-000-000-090</td>
<td>MISC. STATE REVENUE</td>
<td>0.00</td>
<td>0.00</td>
<td>4,408.00</td>
<td>-4,408.00</td>
<td>#DIV/0</td>
</tr>
<tr>
<td>8-100-000-000-000-110</td>
<td>IMPACT AID</td>
<td>60,000.00</td>
<td>0.00</td>
<td>7,165.82</td>
<td>52,834.18</td>
<td>88.06%</td>
</tr>
<tr>
<td>8-100-000-000-000-250</td>
<td>FUND TRANSFER</td>
<td>1,247,642.00</td>
<td>0.00</td>
<td>0.00</td>
<td>1,247,642.00</td>
<td>100.00%</td>
</tr>
<tr>
<td>8-100-000-000-056-056</td>
<td>TRS ON-BEHALF</td>
<td>1,476,168.00</td>
<td>0.00</td>
<td>0.00</td>
<td>1,476,168.00</td>
<td>100.00%</td>
</tr>
<tr>
<td>8-100-000-000-057-057</td>
<td>PERS ON-BEHALF</td>
<td>107,589.00</td>
<td>0.00</td>
<td>0.00</td>
<td>107,589.00</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Report Total

<table>
<thead>
<tr>
<th>Current Budget</th>
<th>YTD Encum</th>
<th>YTD Revenues</th>
<th>Remaining Balance</th>
<th>Percent Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>22,094,719.00</td>
<td>0.00</td>
<td>3,273,380.22</td>
<td>18,821,338.70</td>
<td></td>
</tr>
</tbody>
</table>

Association of Alaska School Boards
## Expense Report Example

### Monthly Expense Report

<table>
<thead>
<tr>
<th>Accounts Summarized By Function</th>
<th>Current Budget</th>
<th>YTD Encumbrance</th>
<th>YTD Expenditures</th>
<th>Remaining Balance</th>
<th>Percent Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 - REGULAR INSTRUCTION</td>
<td>9,447,887.99</td>
<td>115,743.99</td>
<td>674,653.71</td>
<td>8,657,490.29</td>
<td>91.63%</td>
</tr>
<tr>
<td>120 - BILINGUAL/BICULTURAL</td>
<td>223,098.30</td>
<td>0.00</td>
<td>8,985.39</td>
<td>214,112.91</td>
<td>95.97%</td>
</tr>
<tr>
<td>130 - ENRICHMENT</td>
<td>92,822.37</td>
<td>0.00</td>
<td>4,348.13</td>
<td>88,474.24</td>
<td>95.32%</td>
</tr>
<tr>
<td>140 - CORRESPONDENCE STUDY</td>
<td>173,029.92</td>
<td>80.00</td>
<td>7,439.69</td>
<td>165,510.23</td>
<td>95.65%</td>
</tr>
<tr>
<td>160 - VOCATIONAL EDUCATION</td>
<td>336,066.32</td>
<td>9,055.14</td>
<td>21,854.82</td>
<td>305,156.36</td>
<td>90.80%</td>
</tr>
<tr>
<td>200 - SPECIAL ED INSTRUCTION</td>
<td>4,084,381.90</td>
<td>4,605.04</td>
<td>229,485.16</td>
<td>3,850,291.70</td>
<td>94.27%</td>
</tr>
<tr>
<td>220 - SPECIAL ED SUPPORT</td>
<td>731,671.79</td>
<td>267,704.75</td>
<td>35,252.84</td>
<td>428,714.20</td>
<td>58.59%</td>
</tr>
<tr>
<td>300 - PUPIL SUPPORT</td>
<td>177,121.55</td>
<td>1,500.00</td>
<td>7,346.53</td>
<td>169,775.22</td>
<td>95.01%</td>
</tr>
<tr>
<td>320 - GUIDANCE</td>
<td>472,028.56</td>
<td>0.00</td>
<td>20,255.58</td>
<td>451,773.08</td>
<td>95.71%</td>
</tr>
<tr>
<td>330 - HEALTH SERVICES</td>
<td>96,929.29</td>
<td>434.40</td>
<td>4,756.76</td>
<td>91,173.13</td>
<td>94.64%</td>
</tr>
<tr>
<td>350 - SUPPORT SERVICES</td>
<td>269,793.00</td>
<td>217,354.85</td>
<td>22,653.03</td>
<td>29,785.12</td>
<td>11.04%</td>
</tr>
<tr>
<td>351 - IMPROVEMENT INSTRUCTION</td>
<td>3,000.00</td>
<td>0.00</td>
<td>0.00</td>
<td>3,000.00</td>
<td>100.00%</td>
</tr>
<tr>
<td>352 - LIBRARY SERVICE</td>
<td>409,933.99</td>
<td>0.00</td>
<td>18,577.61</td>
<td>391,356.38</td>
<td>95.47%</td>
</tr>
<tr>
<td>400 - SCHOOL ADMINISTRATION</td>
<td>1,254,640.97</td>
<td>21,009.83</td>
<td>90,712.13</td>
<td>1,142,919.01</td>
<td>91.10%</td>
</tr>
<tr>
<td>450 - SCHOOL ADMIN. SERVICES</td>
<td>665,050.22</td>
<td>0.00</td>
<td>54,050.55</td>
<td>610,999.67</td>
<td>91.87%</td>
</tr>
<tr>
<td>510 - DISTRICT ADMINISTRATION</td>
<td>194,203.15</td>
<td>19,797.99</td>
<td>37,474.04</td>
<td>136,321.12</td>
<td>70.51%</td>
</tr>
<tr>
<td>511 - SCHOOL BOARD</td>
<td>51,137.40</td>
<td>14,784.55</td>
<td>1,044.98</td>
<td>35,092.42</td>
<td>69.05%</td>
</tr>
<tr>
<td>512 - SUPERINTENDENT'S OFFICE</td>
<td>431,836.20</td>
<td>3,087.65</td>
<td>70,357.18</td>
<td>358,391.37</td>
<td>82.99%</td>
</tr>
<tr>
<td>518 - SAFETY AND SECURITY</td>
<td>2,000.00</td>
<td>0.00</td>
<td>0.00</td>
<td>2,000.00</td>
<td>100.00%</td>
</tr>
<tr>
<td>550 - DISTRICT ADMIN. SUPPORT</td>
<td>298,119.66</td>
<td>2,736.06</td>
<td>83,630.10</td>
<td>211,489.55</td>
<td>71.01%</td>
</tr>
<tr>
<td>555 - DATA PROCESSING SERVICES</td>
<td>63,370.96</td>
<td>0.00</td>
<td>5,170.51</td>
<td>58,200.45</td>
<td>91.84%</td>
</tr>
<tr>
<td>556 - TECHNOLOGY SERVICE</td>
<td>364,221.64</td>
<td>10,234.58</td>
<td>111,286.31</td>
<td>242,935.33</td>
<td>66.64%</td>
</tr>
<tr>
<td>600 - MAINTENANCE/OPERATIONS</td>
<td>1,994,887.41</td>
<td>609,022.26</td>
<td>313,163.62</td>
<td>1,681,723.79</td>
<td>53.77%</td>
</tr>
<tr>
<td>700 - STUDENT ACTIVITIES</td>
<td>252,018.31</td>
<td>105,635.00</td>
<td>4,960.00</td>
<td>147,058.31</td>
<td>56.11%</td>
</tr>
<tr>
<td>780 - COMMUNITY SERVICES</td>
<td>5,468.00</td>
<td>0.00</td>
<td>0.00</td>
<td>5,468.00</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

### Report Total

- **Revenue - Expenses Total:** $1,445,881.52

*The State has required all Districts to recognize and report on their financial statements their portion of the TRSPERS relief as passed by 2008 Legislature appropriation.*
Budget Report Narrative

Revenues:
- City/Borough Appropriation – Remained unchanged.
- Misc. Local Revenue, E-Rate – All are anticipated to remain unchanged.
- Foundation and Quality Schools – The $244,276 decrease in Foundation and $410 decrease in Quality Schools is due to the overall student enrollment was forecasted to be at 1,244 students, but the October count enrollment numbers ended up at 1,207.17. This is a decrease in enrollment of 36.83 students from projections and 1,188.83 students from last year’s count.
- One-Time Funding from State of Alaska – The State of Alaska legislature issued a one-time funding to school districts at the end of the legislative session. This is an increase of $187,111.
- Impact Aid – There is currently no change in impact aid funding.
- Fy18 Secure Rural Schools – The decrease in Secure Rural Schools of $244,000 is due to the District receiving the funds in June of 2018 in the amount of $258,859. This funding was placed in fund balance at the end of the fiscal year.

Transfers from Other Funds and Operating Fund Balance:
- Transfer from Operating Fund Balance – $666,205 is anticipated to balance the FY19 budget which is an increase of $137,585.
- Transfer from other funds - $49,500 is anticipated to balance the FY19 budget which is no change from the adopted budget.

“Sitka Schools: Discovering potential, nurturing growth, and inspiring lifelong curiosity.”
Annual Audit

- Snapshot as of June 30 – data and practices
- Copy due to DEED each fall
- Budget to Actual
  - General Fund
  - Special Revenue Fund(s)
  - Capital Project Fund
- Management letter
  - Findings – material vs. significant
- Fund Balance
Questions