

# **Reading & Understanding Reports on Monthly Payments & Transfers to the Budget**

**Sandra Daws, Kodiak Island Borough SD**

**Norm Wooten, AASB**



**Association of Alaska School Boards  
Advocates for Alaska's Youth**

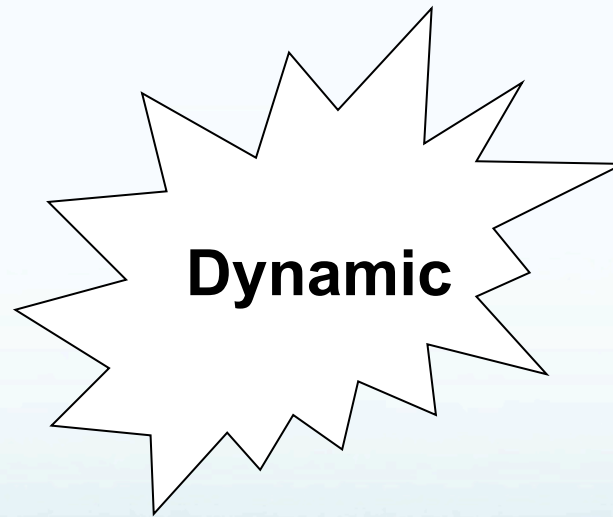
# What is a Budget?

- A budget represents a plan of how money will be spent
- City and Borough districts must submit budget to assembly for approval of local amount by May 1<sup>st</sup>.
- District must submit a balanced budget to EED NLT July 15
- District must submit to an annual audit of its budget



# Budget

Details all Revenue and Expenditures for a **future period of time**



# Budget is a Dynamic Document

- Living, flexible management tool
- Based on best information at time of development
- Variance from original document not necessarily negative

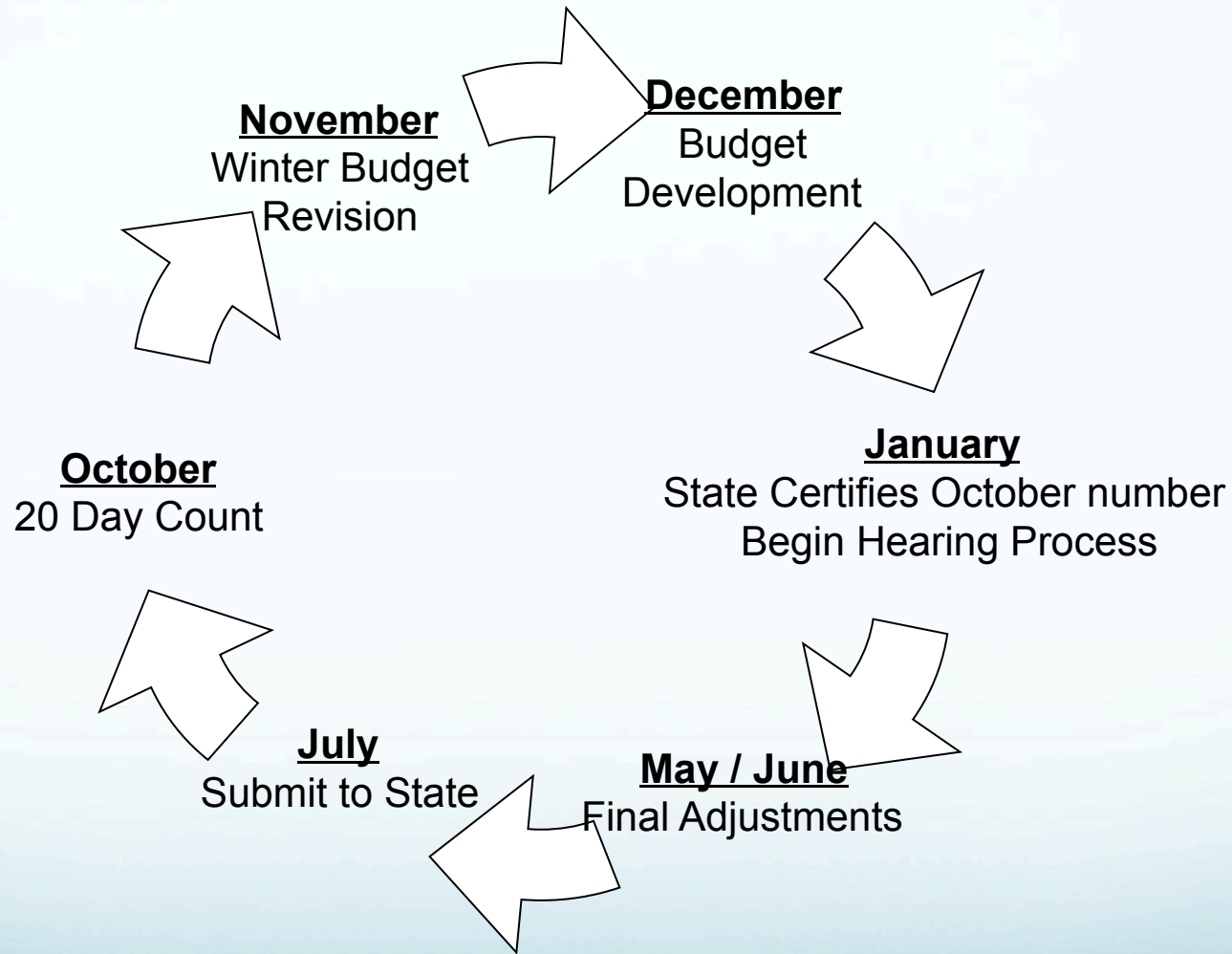


# Stakeholders in the Budget

- **District administrators**
- **Taxpayers**
- **Parent/Children**
- **Board members**
- **Cities and Boroughs**
- **Alaska Department of Education**



# Budget Cycle



# What is a budget adjustment?

A Budget Adjustment is used to adjust or change a budgeted amount in the General Ledger. Budgeted funds are estimated expense and revenue amounts created at the beginning of the year by the District Budget Office .

They are not “actual” amounts spent or received. The budgeted funds are amounts assigned to a particular program purpose and object code.

Budget adjustments are initiated by the District staff and require the approval of the School Board.



# Monthly Financial Reports

- **Your Finance/Business Office will submit monthly Reports to the School Board.**
- **These reports are a snapshot in time**
- **Reports will show monthly revenue/expenditure**
- **A school district budget must follow the outline required by Regulation (Alaska 2014 Uniform Chart of Accounts)**





# Alaska Chart of Accounts

- Required elements must be used (i.e., fund, function, object) although the school districts may also use the optional elements (program and school/location) for expense.
- Required elements for revenue are fund and object.

Fund      Function      Object



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# Monthly 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?**



# Annual Audit

- **Budget to Actual**
  - General Fund
  - Special Revenue Fund(s)
  - Capital Project Fund
- **Management letter**
- **Fund Balance**



# Fund Balance GASB 54

**Establishes 5 categories**

- **Nonspendable**
- **Restricted**
- **Committed**
- **Assigned**
- **Unassigned**



# Fund Balance

A financial goal of the District shall be to have a sufficient balance in the operating fund to be able to maintain fiscal independence in case of a financial need or crisis. The District shall strive to maintain a yearly unreserved/undesignated fund balance of **8-10 percent** of the total operating expenditures.



# Questions



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