School Finance Basics

Presented for the Alaska Association of School Boards by
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Alaska Association of School Business Officials (ALASBO)
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About ALASBO

- Our mission: To promote the highest standards in school business practices
- 180 members from K-12 business offices
- 46th Annual Conference held December 1-5, 2018 in Anchorage
- Training and networking all year
- Affiliate of ASBO International and associate of the AK Council of School Administrators (ACSA)
- www.alasbo.org
About Amy Lujan

- Twenty-three+ years in school business
  - Six years as business manager of Kuspuk School District, an REAA in western Alaska
  - One year with North Slope Borough SD
  - Seven years as business manager of Nome Public Schools, a municipal district
  - 10 years as ALASBO Exec Director - alasbo@gci.net
Presentation Outline

- Critical school finance functions
- Interaction with your district business office
- State funding basics
- Other funding sources
- Expenditures
- Budgeting basics
- Audit
- Questions?
Critical School Finance/Business Office Functions

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

- Policy Manual Section 4000 - Personnel
  - Compensation and benefits (payroll!)
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 policy manual
- Request additional info through Superintendent
  - Request and review procedures manuals, negotiated agreements, chart of accounts
    - Note: Chart of Accounts revised in 2018 through collaboration between ALASBO and DEED; approved by State Board
  - 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)
  - 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”
  - School size adjustment
  - Hold harmless

Other Funding Sources

- **Federal**
  - Title grants (NCLB/ESSA) - state EED administers
  - Impact Aid
  - Secure Rural Schools (SCRSA) - timber
  - Direct grants - Indian Ed, competitive grants

- **Other Agencies** - state, private
Expenditures

- School districts spend 70-90% of their operating budgets on wages and benefits
- Purchasing procedures critical for non-payroll expenditures
- 70% expenditure on instruction - state requirement removed for during 2016 session
- 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
- General fund budget due to state in July
- Detailed budgeting is a “best guess” project
- Typically several revisions during the year
  - Student count (Oct); duplicates resolved (Feb)
  - 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
  - EED 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 how are these being addressed?