Current Issues for Local Schools
Budget and Financial Reporting

ALABAMA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS (AASBO)
LOCAL SCHOOL FINANCIAL MANAGEMENT
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Budgeting for Activity Funds

- Budgeting is the process of planning resources and prioritizing needs of an organization. In most cases, for a governmental entity the budget represents the legal authority to spend money.

- The budget also provides an important tool for the control and evaluation of resources and the uses of those resources. It is a tool to evaluate financial performance by comparing budgeted and actual operations. Bottomline, the budget is linked to financial accountability.
Budgets

- Provide a financial plan for the organization
- Important at all levels of any organization
- Critical element for success
- Assess financial condition
- Create roadmap for future
The mission of the budget process is to help decision makers make informed choices about the services and needs of a particular activity or local school function as well as overall planning for general operations.
**Board of Education.** The Board of Education adopts policies to govern the establishment and operation of all activity funds. The District’s auditors review these policies for sound accounting controls and reporting principles.

**Superintendent.** The Superintendent is directly responsible to the Board of Education for administering all Board policies.

**Chief School Financial Officer.** The Chief School Financial Officer has the overall responsibility for accounting for and reporting all funds, including district and student activity funds, to the Board. The Chief School Financial Officer is also responsible for implementing and enforcing appropriate internal control procedures.

**Principal.** The Principal at each school site is designated as the activity fund supervisor for that individual school. The activity fund supervisor has overall responsibility for the operation of all activity funds, including collecting and depositing monies; approving disbursements of student activity fund monies; and **supervising all bookkeeping responsibilities.** The activity fund supervisor should be a signatory for all disbursements.
Fiduciary Responsibility of the Principal

- Ultimately it is the Principal’s responsibility to ensure that funds are collected and disbursed in accordance with local board policies.

- The Principal should be familiar with the Financial Procedures for the School District to have a basic understanding of the accounting regulations for schools.

- The Principal should work with the bookkeeper and staff when preparing the local school annual budgets.
Finance Matters/Budget Process
General Outline

Example: Madison County Board of Education

February – Pre-Staffing Meetings (Central Office Leadership Team)
March ~ April – Staffing Meetings (Leadership Team and Local School Principals)
April ~ May – Monitoring and Tracking Legislative Session (State Funds)
May – Local School Budget Preparation
June – Reviewing and Uploading Local School Budgets
   Rolling and Entering Personnel Costs
July – Departmental Meetings and Non-Personnel Cost Entries
August – Federal Programs and Final Budget (1st Public Budget Hearing)
September – Board Approval and Submission to SDE (2nd Public Budget Hearing)
Budget Overview – Fund Types:

- General Fund – State and Local Sources

- Special Revenue Funds – Federal Programs and **PUBLIC LOCAL SCHOOL FUNDS**, (Appropriations, Admissions, Concessions, Dues and Fees, Fund Raisers, Grants, and Donations)

- Debt Service Funds – State and Local Funds Set Aside for Annual Debt Payments

- Capital Projects Funds – State Fleet Renewal Funds, State Capital Funds, and Local Bond Proceeds

- Fiduciary Funds – **NON-PUBLIC LOCAL SCHOOL FUNDS** (Club Fees, Fund Raisers, Donations, and Accommodations)
Before the AASBO LSFM Course, not enough attention was given to accounting for activity funds in school districts. The nature of activity funds, however, makes them especially vulnerable to error, misuse, and sometimes fraud. In addition, activity funds often generate large sums of money, especially when capturing the amount that flows through a local school in the form of school board funds, student-generated funds, receipts and disbursements related to athletics, and the numerous co curricular and extracurricular events sponsored by school districts today.

We are now seeing a change statewide. School districts as well as local school administrators and staff are doing a much better job planning, budgeting, and tracking local school accounts.
Summary – Elements of the Budget Process

Develop a Budget Consistent with Goals
- Develop a process for preparing and adopting a budget/communication
- Evaluate financial resources and prioritize needs
- Prepare budget based on decisions from team

Evaluate Performance
- Monitor, measure, evaluate, and report
- Adjust or amend if necessary
State Appropriated “Classroom Instructional Support” Funds
State Appropriated “Classroom Instructional Support” Funds

Student Materials
Technology
Professional Development
Library Enhancement
State Appropriated “Student Materials”

• 2019-2020 allocation is $600.00

• Not subject to vote; funds directly to teacher/certified employee

• Instructional equipment is permissible

• Furniture to store/safeguard the equipment is permissible

• Copy paper is permissible (when used for classroom instruction)
State Appropriated “Technology”

- 2019-2020 allocation is $350.00
- Requires majority vote of faculty
- Technology specialists should be consulted
- Should be consistent with the latest plans for system-wide technology plan
State Appropriated “Professional Development”

- 2019-2020 allocation is $100.00
- Requires majority vote of faculty
- Should be consistent with the latest system-wide plans for professional development
- Registration fees permissible
- Professional memberships permissible
- Professional Development Presenters/Speakers permissible
State Appropriated “Library Enhancement”

- 2019-2020 allocation is $157.72
- Requires majority vote of faculty
- Media specialists should be consulted
Budget Committee

- Each school must have a budget committee

- The budget committee must be comprised of 5 members
  - Principal (or designee)
  - 4 Teachers
    - Elected Annually
    - Voting by Secret Ballot
    - Majority Vote

- A list of elected committee members shall be provided to the CSFO

- A sign-in sheet shall be maintained to document faculty members attending the budget committee meeting
Proposed Budget Approval by Teachers

- The committee must elect:
  - Chairperson
  - Secretary
    - Responsible for keeping minutes and actions taken to approve the budgets during the secret balloting process

- The committee *may* for advisory committees

- The committee must propose a budget for CIS, excluding student materials/fee replacement monies
Approval of Budgets

- Proposed budgets must be submitted to teachers at an annual meeting.

- A sign-in sheet shall be maintained to document faculty members attending the annual meeting at which the budget is presented.

- Teachers must be given at least two workdays to review the proposed budget prior to taking a vote.

- Voting must be by secret ballot.

- Budget must be approved by majority vote.
Proposed Budget Approval (cont’d)

- If not approved, returned to committee for reformulation, taking into consideration the teachers’ recommendations

- Revised budget proposed by committee submitted to a secret ballot voted of the teachers

- If the revised proposed budget is not approved by a majority vote of the teachers, the process will continue until a budget is approved
A report on the approved budget will be submitted to the local superintendent on forms provided by the State Department of Education. These forms shall be signed by all committee members.

The following must be maintained for audit:
- budget committee minutes
- proposed budgets
- revised proposed budgets
- secret ballots for committee members
- secret ballots for each proposed budget
- secret ballots for each revised proposed budget

All expenditures for CIS and related documents are subject to audit by the State Examiners of Public Accounts.
Teacher Transfer

Classroom instructional support monies are to be expended on behalf of students at a specific school and are not transferred with the teacher if he/she moves to another school.
Any funds appropriated for classroom instructional support not expended by the end of each fiscal year shall revert to the State Education Trust Fund.
Questions & Answers!