

Current Issues for Local School Finance Budget Preparation

ALABAMA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS (AASBO)
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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



Mission of Budget Process

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.

Lines of Authority

Board of Education. The board of education should adopt policies to govern the establishment and operation of all activity funds. The district's auditors should review these policies for sound accounting and reporting principles.

Superintendent. The superintendent should be directly responsible to the board of education for administering all board policies.

Chief School Financial Officer. The chief school financial officer should have 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 should be designated the activity fund supervisor for that school building. The activity fund supervisor has overall responsibility for the operation of all activity funds, including collecting and depositing activity fund monies; approving disbursements of student activity fund monies; and **adequately supervising all bookkeeping responsibilities**. The activity fund supervisor should be a signatory to all disbursements, including checks drawn on the activity fund.

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

- March – Pre-Staffing Meetings (Central Office Leadership Team)
- 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
Personnel Cost Entries
- 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)

Activity Fund Accounting/Budgeting for Local Schools

Historically, little attention has been 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 amounts that flow through a school district 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 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

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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

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**State Appropriated
“Classroom Instructional
Support” Funds**

**State Appropriated “Classroom
Instructional Support” Funds**

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Student Materials
Technology
Professional Development
Library Enhancement

State Appropriated "Student Materials"

- 2018-2019 allocation is \$536.06
- No vote necessary; funds directly to teacher
- Must be consistent with latest plans for professional development and technology
- Instructional equipment is permissible
- Furniture to store/safeguard the equipment is permissible
- Copy paper is permissible; copy charges are not

State Appropriated "Technology"

- 2018-2019 allocation is \$300.00
- Requires majority vote of faculty
- Technology specialists shall be consulted
- Must be consistent with the latest plans for professional development and technology
- Instructional equipment is permissible
- Furniture to store/safeguard the equipment is permissible
- Funds may be transferred from one teacher to another

State Appropriated "Professional Development"

- 2018-2019 allocation is \$90.00
- Requires majority vote of faculty
- Must be consistent with the latest plans for professional development and technology
- Registration fees permissible
- Professional memberships permissible
- Funds may be transferred from one teacher to another

State Appropriated "Library Enhancement"

- 2018-2019 allocation is \$96.14
- Requires majority vote of faculty
- Media specialists shall be consulted
- Must be consistent with the latest plans for professional development and technology
- Funds may be transferred from one teacher to another

Unallowable Expenditures of State Appropriated Funds

- Field Trip Costs
- Transportation Costs
- Furniture and Fixtures
- Extracurricular Expenses

Budget Committee

- Four (4) Teachers plus Principal, or Principal's designee
- Teachers elected annually by a secret ballot by majority vote
- Committee shall elect a Chair & a Recording Secretary
- Committee may form advisory subcommittees
- Committee to propose budget

Proposed Budget Approval by Teachers

- Proposed budget submitted to teachers at an annual meeting (may be at the beginning or end of the school year)
- Teachers must have at least two(2) work days to review the proposed budget
- Teachers vote by secret ballot
- The budget passes by majority vote of the teachers voting at the school

Proposed Budget Approval by Teachers (cont'd)

- If not approved, returned to committee for reformulation, taking into consideration the teachers' recommendations
- Revised budget proposed by committee is 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

Teacher Transfer

Classroom instructional support monies are to be expended on behalf of students at a specific school and are not transportable with the teacher if the teacher is transferred to another school.

Unspent Funds

Any funds appropriated for classroom instructional support not expended according to this section by the end of each fiscal year shall revert to the Education Trust Fund.

Questions & Answers!


