



SOUTHEAST ISLAND SCHOOL DISTRICT

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MEMORANDUM

TO: SISD BOARD OF EDUCATION

THRU: Sherry Becker, Superintendent

FROM: Lucienne Smith, Contracted Business Manager
Alaska Education & Business Services, Inc.

Date: May 10, 2021

SUBJECT: BUSINESS MANAGER'S REPORT NARRATIVE

FY 2022 BUDGET – The 3rd Proposed FY 2022 budget will be discussed and reviewed during the work session. This will be our final budget until after enrollment in the ensuing year and salaries are all trued up.

STANDARD OPERATION PROCEDURES (SOPS) – As we continue to review our procedures, following are SOP #12 –*Bank Reconciliations*, SOP#13 – *Adjusting Journal Entry Procedure*, SOP#14 –*Meal Accountability*, and SOP#15 – *Cash Handling*.

FY 2022 INSURANCE – Mid April PEHT notified us that our Health Insurance would increase 5-6%, following the 10% increase from the past year. In the interim our broker sent out inquiries for proposals and Premera came in providing us a \$50K+ savings. We have begun the transition to Premera with an effective date of July 1, 2021.

With the completion of the questionnaires for the liability, property, auto and casualty rates we anticipate proposals for the rates for FY 2022.

TIMBER RECEIPTS - We received our Timber receipts the end of April and are awaiting to see if they are sending an additional payment as this payment was \$50K under what we budgeted.

E-RATE - The FY 2022 State of Alaska BAG grant was completed and submitted. That provides us the ability to connect our outer sites to 25 Mbps bandwidth. We included Edna Bay in our e-Rate request in the event that school reopens.

Please do not hesitate to ask questions.

May 2021 BOE Business Manager's Narrative Report

SOUTHEAST ISLAND SCHOOL DISTRICT
Thorne Bay, Alaska

Effective: July 2007
Revised: July 2010
Revised: July 2012
Revised: July 2019

SOP No. 12 BANK RECONCILIATIONS

1. PURPOSE: To establish uniform procedures for performing and reviewing monthly bank reconciliations, to insure deposits are not at risk, separation of duties and internal controls for same.
2. AUTHORITY: Superintendent or designee
3. RESPONSIBILITY: Business Manager or designee
4. PROCEDURES: The following are control procedures to be followed for completing monthly bank reconciliations:
 - a. The Payroll Manager (one person) signs off on the monthly bank statements paper copy indicating recognition and approval of all the past months ACH transactions. A copy of the signed statement is kept on file in the Payroll Manager's office.
 - b. Business Manager downloads the statements from the Wells Fargo website to initiate the bank reconciliations and using the financial accounting software verifies all checks were paid for the amounts issued – comparing checks with the general ledger, and all deposits are compared with cash receipts, all ACH debits are compared to accounting system, and comparing the book balance on the bank reconciliation with the general ledger.
 - c. Information that is typically included in the month-end cash reconciliation journal entry: interbank transfers, interest revenue, bank service charges and fees, etc. An adjusting journal entry shall be prepared to reflect the information and the entry should be reviewed and approved by the Superintendent. See SOP No 13 – Adjusting Journal Entries.
 - d. Once the month and journal entry is posted and the reconciliation is completed in the software system, the reconciliation and/or month should be closed.
 - e. Confirm the reconciled balance matches the general ledger balance and investigate and correct any errors.
 - f. Bank reconciliation shall be completed by the tenth (10th) of the month following the bank statement date.

- g. Bank reconciliation and bank statements shall be merged together and filed chronologically. These will be scanned in electronic format for ease in transmission to auditors during the annual audit.
- h. Annually the stale-dated outstanding checks are reviewed and void or reissue as appropriate. Forward any outstanding funds to the State of Alaska Department of Revenue – Treasury Division as unclaimed property when required.
- i. All deposits are collateralized or insured in accordance with the board policy.

REFERENCES: BP 3100 – Budget; BP 3200 – income; BP 3305 – Electronic Fund Transactions; BP 3452 – Student Activity Funds

4.h. <http://treasury.dor.alaska.gov/Unclaimed-Property/Reporting-Unclaimed-Property.aspx>

EXHIBITS: NONE

SOUTHEAST ISLAND SCHOOL DISTRICT
Thorne Bay, Alaska

Effective: July 2010

Revised: July 2012

Revised: July 2019

SOP No. 13 ADJUSTING JOURNAL ENTRY PROCEDURE

1. **PURPOSE:** To establish procedures for identifying, preparing, authorizing, and recording adjusting journal entries. The majority of the transactions entered into the general ledger are through the cash receipts, cash disbursements, and payroll processes. However, to make corrections to account balances or to book items such as indirect expense/revenue, prepaid expenses, etc., it is necessary to enter journal entries.
1. **AUTHORITY:** Superintendent or designee
2. **RESPONSIBILITY:** Business Manager and all budget supervisors
3. **PROCEDURES:** The following are control procedures for completing adjusting journal entries.

 - a. Procedure (b) and (c) may be performed by budget supervisors or the business office.
 - b. Identify the activity to be recorded and the affected accounts. Example of activities include incorrectly stated account balances, transactions recorded in the wrong amounts, write-offs of immaterial balances, approved expenditures or revenue transfers, automatic bank transactions, etc.
 - c. Complete supporting documentation (audit trail) including one or more of the following items: original entries for correction AJEs, correspondence, spreadsheets, statements, and approvals from affected budget managers when appropriate.
 - d. The Business Manager prepares an Adjusting Journal Entry form according to the information outlined in the supporting documentation, signs the form, and enters it into the software system. An entry report will be printed from the software system – compare it to the original entry to ensure the entry contains no errors. Sign and date the journal entry and return a copy of all to the

originating budget supervisor. Maintain segregation of duties [internal control] by requiring at least 2 people are involved in the processing of AJEs; one for preparation and another for approval and posting.

- e. File posted AJEs and all backup in a Journal Voucher (JV) electronic folder in chronological order for easy transmission to the auditors during the annual audit.

REFERENCES: BP 3100 – Budget; BP 3110 – Transfer of Funds; BP 3200 – Income; BP 3440.1– Fixed Assets Capitalization; BP 3470 – Fund Balance Classification

EXHIBITS: Adjusting Journal Entry form

SOUTHEAST ISLAND SCHOOL DISTRICT
Thorne Bay, Alaska

Effective: July 2010

Revised: July 2013

Revised: July 2019

SOP No. 14 MEAL ACCOUNTABILITY

1. PURPOSE: To establish a standardized procedure for the collection of monies and for meal accountability for the National School Lunch Program.
2. AUTHORITY: Superintendent or designee
3. RESPONSIBILITY: Business Manager, Principals, and Food Service Manager
4. PROCEDURE: The following procedures shall be followed for collection and meal accountability:
 - a. The Food Service Program Manager shall submit on a monthly basis all meals served to students and adults in the schools, and collects all monies associated with adult meals.
 - b. All meals will be accounted for with the use of a list. Sites that are CEP approved will only take a student count (not names) each meal.
 - c. Staff meals shall be counted each day, and at the end of the month the count submitted to the Payroll Technician, who will deduct the meal cost from their monthly paycheck.
 - d. Collection of money from the Food Service Program shall be daily by the Food Service Personnel and turned into the Business office when travel to Thorne Bay from the outer sites occurs.
 - e. The Cash Receipts Clerk (Payroll Technician) will ensure meal monies are deposited to the bank. Checks will be made payable to the Southeast Island School District. A deposit slip will be prepared and funds deposited at the end of the week in which funds are submitted to the Business Office.
 - f. The Food Service Manager shall prepare a Claim for Reimbursement and submit on line with the State of Alaska Child Nutrition Program (CNP) no later than 30 days following the end of a month. Once the claim is ready, the Business Manager shall be notified. The Business Manager shall add the Fresh Fruits and Vegetables expenditure information before submitting to the CNP.
 - g. The Business Manager will frequently log on the State of Alaska Child Nutrition website to view the claims and payments.
 - h. Collections shall be in accordance to the Southeast Island School District policy, money in school buildings, BP3450.

REFERENCES: BP3550 – Food Service; BP 3553 – Free and Reduced Price Meals; BP 3554–
Other Food Sales

EXHIBITS: NONE

SOUTHEAST ISLAND SCHOOL DISTRICT
Thorne Bay, Alaska

Effective: July 2010

Revised: July 2012

Revised: July 2019

SOP No. 15 CASH HANDLING

1. **PURPOSE:** To establish uniform procedures to properly account for receipt of all student activity and administrative funds. To provide detailed accounting reports of financial activities to the Business Office.
2. **AUTHORITY:** Superintendent or designee
3. **RESPONSIBILITY:** Business Manager and Principal
4. **PROCEDURE:** The following are the general accounting procedures for receipt of all student activity accounts and/or administrative funds.
 - a. **BANK ACCOUNT:** The Southeast Island School District maintains bank accounts at Wells Fargo.
 - b. **CASH COLLECTION AND TRANSMITTAL:** ALL FUNDS MUST BE DEPOSITED INTACT AND AS SOON AS POSSIBLE. Funds **may not be used** to cash personal checks, pay vendors, reimburse expenses, pay refunds, or any other purpose other than deposit. Under no circumstances may employees or any other person take district cash home with them. FAILURE TO COMPLY WITH THIS POLICY IS GROUNDS FOR DISCIPLINARY ACTION.
 1. All cash must be kept in a secure location until taken to the bank for deposit. At a minimum, a locked room with limited access can be used to secure cash. Ideally, cash is secured in a safe in an area of low visibility, i.e. back room or interior room without windows.
 2. Individuals collecting cash prepare receipt forms in duplicate for each receipt with the original copy given to the remitter and the duplicate copy held in the school office for future reference.
 3. All cash shall be counted and signed by two individuals whenever transmitted to another person. See cash form on website and copy following.
 4. Deposit cash at least [semi-monthly] or more often when large amounts are collected in order to safeguard cash.

- a. Remote sites: Do not send cash by mail. Replace all cash with a money order and/or check from the local Post Office.
- 5. Identify the source of cash with a description (i.e. Student Store, Basketball, Student Council, School Greenhouse, etc.) and the appropriate account code.
- 6. CASH DISBURSEMENTS: Payroll Technician processes all district and Student Activity cash disbursements. Collected cash **may not be used** to cash personal checks, pay vendors, reimburse expenses, pay refunds, or any other purpose other than deposit.
- c. CASH BOXES FOR EVENTS: Accounts Payable will provide a check made payable to an employee event sponsor for the event cash box. This employee is responsible for cashing the check to create the cash box and the redeposit of the funds after the event has ended.
- d. REVENUE AND EXPENSE STATEMENTS: Revenue and expense statements are available in the accounting software. Contact the Business Office for instruction on how to access this information. Student Activity coaches and advisors may contact the Athletic/Activities Director at their site to obtain information about their Activity account balances.
- e. STUDENT ACTIVITY ACCOUNT BALANCES: Coaches/Advisors/Principals are responsible for maintaining a positive balance in their respective accounts. Under no circumstance shall a club or activity receive approval to spend funds that would exceed their current balance.
- f. BANK RECONCILIATION: See SOP No. 12 for instructions on performing a bank reconciliation.
- g. SECURING CASH: All cash on site shall be kept in a locked safe or other secure location such as a locked file cabinet in a locked room with limited access.

REFERENCES: BP 3450 – Money in School Buildings; BP 3452 – Student Activity Funds

EXHIBITS: Cash Count Worksheet

Southeast Island School District Cash Count Worksheet

Today's Date: _____
 Event Date: _____
 Your Name: _____

Event: _____
 Fund(s) to Credit: _____

<u>CASH</u>			
\$0.01	X	_____	= _____
\$0.05	X	_____	= _____
\$0.10	X	_____	= _____
\$0.25	X	_____	= _____
\$0.50	X	_____	= _____
\$1.00	X	_____	= _____
\$2.00	X	_____	= _____
\$5.00	X	_____	= _____
\$10.00	X	_____	= _____
\$20.00	X	_____	= _____
\$50.00	X	_____	= _____
\$100.00	X	_____	= _____
TOTAL CASH			\$0.00

<u>CHECKS</u>	

TOTAL CHECKS	\$0.00

<u>Summation</u>	
Total Cash:	\$0.00
Total Checks:	\$0.00
Total Deposit:	\$0.00
Total Fund Deposit:	\$0.00

Deposit Slip	
Recorded:	