



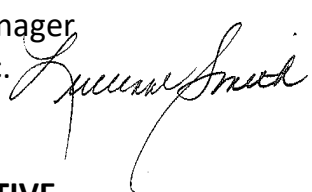
SOUTHEAST ISLAND SCHOOL DISTRICT

P.O. Box 19569, 1010 Sandy Beach Rd Thorne Bay, Alaska 99919
(907) 828-8254 Fax: (907) 828-8257 Email: sisd@sisd.org

MEMORANDUM

TO: SISD BOARD OF EDUCATION

THRU: Sherry Becker, Superintendent

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

Date: April 6, 2021

SUBJECT: BUSINESS MANAGER'S REPORT NARRATIVE

FY 2022 BUDGET – The 2nd Proposed FY 2022 budget will be discussed and reviewed during the work session. In May we will submit the FY 2022 3rd Proposed budget for review and adoption.

STANDARD OPERATION PROCEDURES (SOPs) – As we continue to review our procedures, following are SOP #10 – *Budget Development Transfers & Revisions*, SOP#11 – *General Ledger Account Reconciliation*, and SOP#12 – *Bank Reconciliations*.

FY 2021 AUDIT – The FY 2021 interim and final audit dates have been established. Interim is the week of June 28th and the final will be the week of September 13th.

FY 2022 INSURANCE – PEHT has notified us that we will realize a 5-6% increase for Health Insurance.

We have completed the questionnaires for the liability, property, auto and casualty rates and should hear from our broker what, if any, increases we may incur.

3RD QUARTER – With the 3rd Qtr. ended, we are completing our 941 and ESC reporting as well as all our grant reimbursement requests.

TIMBER RECEIPTS - Recently reached out to DCCED/DCRA on expectation of Timber Receipts. They have received notice of the States' award week of March 29th and are working on breakdowns and getting letters out to the Districts later the week of April 5th. That should put the funds in Southeast Island SD's account sometime in May.

Please do not hesitate to ask questions.

SOUTHEAST ISLAND SCHOOL DISTRICT
Thorne Bay, Alaska

Effective: July 2010
Revised: July 2017
Revised: July 2019

SOP No. 10 BUDGET DEVELOPMENT, TRANSFERS AND REVISIONS

1. PURPOSE: To establish uniform procedures for developing and making line item adjustments on a budget for school board approval of initial budget.
2. AUTHORITY: Superintendent
3. RESPONSIBILITY: Business Manager and Administrators are responsible for ensuring compliance with this procedure. .
4. PROCEDURES: The following are timelines making line item adjustments (budget transfers) on a budget:
 - a. BUDGET TRANSFERS: Budget transfers involve accounts within a fund.
 1. The Budget Manager determine that additional money is needed in a certain line item and that excess budget funds are available in another line item.
 2. Compile supporting documentation (audit trail) including revised budgets, correspondence, spreadsheets, statements, and approvals from affected budget managers when appropriate.
 3. Submit budget Transfer requests to the Business Manager for approval. Board Policy BP 3110 allows for budget transfers. If approved, the Business Manager will post the budget transfer request. Maintain segregation of duties [internal control] by requiring that at last two (2) people are involved in the processing of Budget Transfers, one for preparation and another for posting.
 4. The Business Manager will receive the prepared information for a Budget Transfer Journal Entry form and enter it into the accounting system. A report will be printed from the accounting system and compare it to the original entry form to ensure the entry contains no errors. Journal entry will be signed and attach the confirmation report to the original documentation. File electronically by fiscal year and number for easy transmission to the auditors during the annual audit.

- b. FUND TRANSFERS: Transfer between funds (i.e., Operating Fund '100' to Food Service fund '255' required School Board approval; this approval may be part of the budget approved process. Follow steps 4.a.1. thru 4.a.4.
- c. BUDGET REVISIONS: A systematic review of all accounts in a fund, performed periodically within a fiscal year.
 - 1. The general and other funds budget shall be reviewed and revised as necessary at least once each year after the state funding is determined by the Department of Education and Early Development per the OASIS 20 day count period.
 - 2. This budget revision shall include adjustments for those actually hired for the year and any other budget changes known at the time of the adjustment.
 - 3. This budget revision must be prepared and approved so that it may be used as the base for developing the subsequent year's budget.
 - 4. Other funds may be revised periodically as needed.
 - 5. The School Board must approve all budget revisions.
- d. BUDGET DEVELOPMENT FOR SUBSEQUENT YEAR
 - 1. The Revenue Budget will be prepared by December 1. The revised current year budget will be used as the basis for the subsequent year.
 - 2. The Preliminary Budget for the subsequent year will be completed by February 15 to present information to the School Board.
 - 3. There will be three readings of the budget 1) March; 2) April, and 3) May.
 - 4. Although 3 readings of the budget allows for public input, a separate public budget hearing should be facilitated annually.
 - 5. After approval of the final reading of the budget, the Business Manager will submit the budget via email on the format required by the Department of Education and Early Development on or before their July 15th deadline.

REFERENCES: BP 3100 – Budget; BP 3110 – Transfer of Funds; BP 3311 – Bids; BP 3312– Contracts; BP 3400 – Management of District Assets/Accounts; BP 3460 – Periodic Financial Reports

EXHIBITS: Budget Transfer Request

SOUTHEAST ISLAND SCHOOL DISTRICT
Thorne Bay, Alaska

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

SOP No. 11 GENERAL LEDGER ACCOUNT RECONCILIATIONS

1. PURPOSE: To establish uniform procedures for performing and reviewing balances of accounts on a timely basis as stated in BP 3460
2. AUTHORITY: Superintendent or designee
3. RESPONSIBILITY: Business Manager or designee
4. PROCEDURES: The following are control activities for balance sheet accounts (assets and liabilities), budget vs actual revenue and expenditure reports, and other relevant reports that should be followed in the reconciliation of accounts.
 - a. The Superintendent or designee and Program Administrators review detailed financial reports directly from the software system via online access for all accounts on a monthly basis. All transactions are compared to the approved budget and/or grant award outlines.
 - b. If any accounts have negative balances, miscoding on invoices, or other errors, the Business Manager prepares adjusting journal entries (AJE) to correct the errors. See SOP No 13 – Adjusting Journal Entries for assistance with AJEs. See SOP No 10 – Budget for cost over/underruns that require a budget transfer.
 - c. The general ledger reconciliation recap shall be reviewed monthly by the Superintendent or designee as evidenced by signature or initials.
 - d. All documentation for adjustments shall be kept in an electronic file and will be kept with the Business Manager and provided to auditors at annual audit.

REFERENCES: BP 3400 – Management of District Assets/Accounts; BP 3460 – Periodic Financial Reports

EXHIBITS: NONE

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