



SOUTHEAST ISLAND SCHOOL DISTRICT

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MEMORANDUM

TO: SISD BOARD OF EDUCATION

THRU: Rodney Morrison, Superintendent

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

A handwritten signature in cursive script, appearing to read "Lucienne Smith".

Date: August 13, 2025

SUBJECT: BUSINESS MANAGER'S REPORT NARRATIVE

Goal #3: Increase Communication District and Community Wide

FY 2026 BUDGET - As we begin this fiscal year, we currently project a shortfall of funds (recognizing the \$700 BSA increase). To protect the district's financial stability and ensure SISD can meet obligations throughout the year, it is necessary to proceed with conservative spending practices. This means prioritizing only essential expenditures and avoiding new or discretionary costs, while recognizing that grant funding—though valuable—cannot be relied upon to cover general operating needs, as it is restricted to specific purposes and timelines.

FY 2025 AUDIT – The **annual audit** for the 2025 records is scheduled for the week of **September 1st, 2025**. You will recall that this annual audit reviews the company's financial statements and overall financial health for the entire year. It ensures accuracy and compliance with accounting standards and regulations, providing stakeholders with a clear and transparent picture of the organization's financial performance.

The audit leader will be reaching out to the Board Chairman towards the end of the audit process, specifically during the week of September 1, 2025, to schedule a debriefing session. This meeting will provide an opportunity to review audit findings, if any, discuss any preliminary observations, and address any questions or concerns you may have.

Other – We are awaiting reimbursement payments for the Dept. of Homeland Security grant for which we purchased generators, our final 10% payment from the State of Alaska for the Hollis K-12 Replacement School, last year to date RUS grant expenditures, and the

USDA Specialty Crop Block grant. Having nearly \$1M out of our cash flow significantly impacts on our week-to-week operations by reducing readily available funds needed to cover ongoing expenses such as payroll, supplies and contracted services. This strain also requires the district to delay planned purchases and reprioritize expenditures. The district must plan on increasing their general operating fund balance over the next few years to ensure this strain does not become normal operations.

Please feel free to ask questions.

Mission: Students are equipped to achieve their dreams and aspirations

Vision: Set a foundation by cultivating experiences for students to develop goals and thrive in an ever-changing world.