

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT
AGENDA STATEMENT

No. 9 b

MEETING OF November 13, 2019

Reviewed By

Item Title:

NEW BUSINESS

Motion to approve transfer of Kayhi funds
to student activity accounts, as presented

Superintendent

Finance

SUBMITTED BY Katie Jo Parrott, Business Manager

Contact Person/Telephone

APPROVED FOR SUBMITTAL

Katie Parrott
Name

247-2116
Phone



SUMMARY STATEMENT:

Administration is seeking approval to transfer funds into Kayhi student activity accounts that are carrying deficits deemed to be unsustainable or at a level that is inconsistent with Board Policy 3452.

ISSUE: See attached memo.

BACKGROUND: See attached memo.

RECOMMENDATION: Approval of the fund transfers as presented.

FISCAL NOTE

[] N/A EXPENDITURE

REQUIRED \$86,407

AMOUNT

AVAILABLE \$86,407*

*Amount available reflects funds in existing Kayhi accounts fund balances

EXHIBITS ATTACHED

- Memo to the Superintendent, Recommendation for Transfers

RECOMMENDED ACTION:

"I move that the Board of Education approve the transfer of funds to student activities accounts in the amount of \$63,175 to Football, \$12,848 to Boys Soccer, \$5,375 to Boys Basketball, and \$5,009 to Volleyball, from Kayhi's miscellaneous, vending, and concessions funds, respectively."

Ketchikan Gateway Borough School District

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Elizabeth Lougee, Interim Superintendent • Katie Jo Parrott, Business Manager

Catherine Alilin, Human Resources • Terri Crofcheck, Special Services • Alonso Escalante, Curriculum



Memo

To: Beth Lougee, Superintendent
From: Katie Jo Parrott, Business Manager
CC: Jason House, Principal
Date: October 28, 2019
RE: Addressing the Kayhi Activities' Deficits

In FY18, Ketchikan High School Activities programs experienced changes or special circumstances that led to substantial deficits in some programs' accounts. Specifically, according to a draft of FY19 audited financial statements, deficits are as follows*:

- Boys Basketball \$5,375
- Football \$58,783
- Boys Soccer \$12,848
- Volleyball \$5,009

These deficits occurred for various reasons. However, moving forward we must ensure deficits do not occur by implementing strong internal control best practices that would disallow deficit expenditures and match revenue with expected expenditures. Additional good practices would be to establish annual budgets for expenditures in each program, and establish a funding methodology that accounts for significant cost differentials between sports' programs. A plan is in process to complete a financial analysis in each program area and to institute administrative regulations and standard operating procedures that effect the kind of changes we need to adequately fund and control spending in this area (attached). However, the existing deficits need to be addressed in order to ensure the prudent financial management of student activities in accordance with Board Policy.

The below recommendations are made based on the need to expedite a solution to be consistent with Board Policy 3452 for Student Activity Funds: "Student funds shall be managed in accordance with Board Policy and best practices for use of public funds designed to encourage the largest possible educational return to students **without sacrificing the safety of funds or exposing students to undue responsibility** or unnecessary routine" (emphasis added).

Recommendation 1:

Transfer surplus activities appropriation funds for FY18 and FY19 from Miscellaneous toward football deficit in the amount of \$63,175 (FY18 surplus transfer of \$27,483 and FY19 surplus transfer of \$35,692). Funds provided in excess of shares requests are provided to Kayhi at the close of the fiscal year. Because the shares allocation methodology was not updated when the football program was

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moved to another division to provide for a larger share request, it is an appropriate use of district allocated activities funds.

Recommendation 2:

Transfer \$5,375 and \$5,009 from Concessions funds to Boys' Basketball and Volleyball, respectively. Both sports participate in supporting the collection of these funds, so it is appropriate and prudent to allow these funds to assist the programs.

Recommendation 3:

Transfer \$12,848 from Vending funds to Boys Soccer

This will ensure that the accounts reflect an accurate representation of current revenue and expenditures for each program, and do not unduly burden current student participants and coaches. All three funding sources can be assigned according to the direction of administration, and are not restricted by Board Policy.

These transfers are not meant to be an on-going occurrence, but are being recommended to correct the result of deficiencies in the financial management of these funds by previous administration. Current administration is putting in place measures that will ensure substantial deficits do not occur in the future, and that activities programs are funded equitably and proportionally based on actual cost.

Please let me know if you have any questions or concerns regarding this or any related matter.

*Only programs showing a deficit of \$5,000 or more are listed. Deficits of less than \$5,000 are deemed immaterial.

Katie Jo Parrott, MPA • Business Manager • (907) 247-2116 • katie.parrott@k21schools.org

Student Activity Fund To-Dos

1. Separate out fundraising funds and district funds to club accounts and activity accounts, respectively
 - 3 prior school years starting with FY17
2. Recommendations for plan for unsustainable/inherited program deficits to comply with Board Policy 3452
3. Establish budgets for activities programs
 - Analysis of 5-years' expenditures (identify and eliminate outliers)
 - Uniform upgrade cycle
 - Travel
 - Equipment
 - Average expenditures plus 1.5%
 - Compare to shares model
 - Update shares model based on unique factors of each program
 - Evaluate for equity in funding (fulling funding vs. proportional funding)
4. Draft and implement Administrative Regulations for Student Activity Funds
 - District allocation and accounting for district funds vs. fundraising funds
 - Fundraising funds restricted to club account uses – cannot be transferred
 - Transfer of district funds and allowable uses
 - Approval process
 - Outline defined purposes/uses
 - Authorization procedures of expenditures out of activities funds & club accounts
 - Procedures for funds that cross fiscal years (carryover)
 - If and how deficit spending will be handled/authorized
 - No deficit spending from club accounts
 - Deficit spending from activities accounts
 - Future district funds with prior approval
 - School-level fund balance
 - Funding of unexpected costs, e.g. teams going to State
 - Allowable expenditures from Activity vs. Club accounts
 - Management of inactive accounts or accounts for clubs that terminate
 - Balance transfers
 - Time period/definition of inactive
5. Develop a communications strategy/plan to communicate action plan & changes with stakeholders