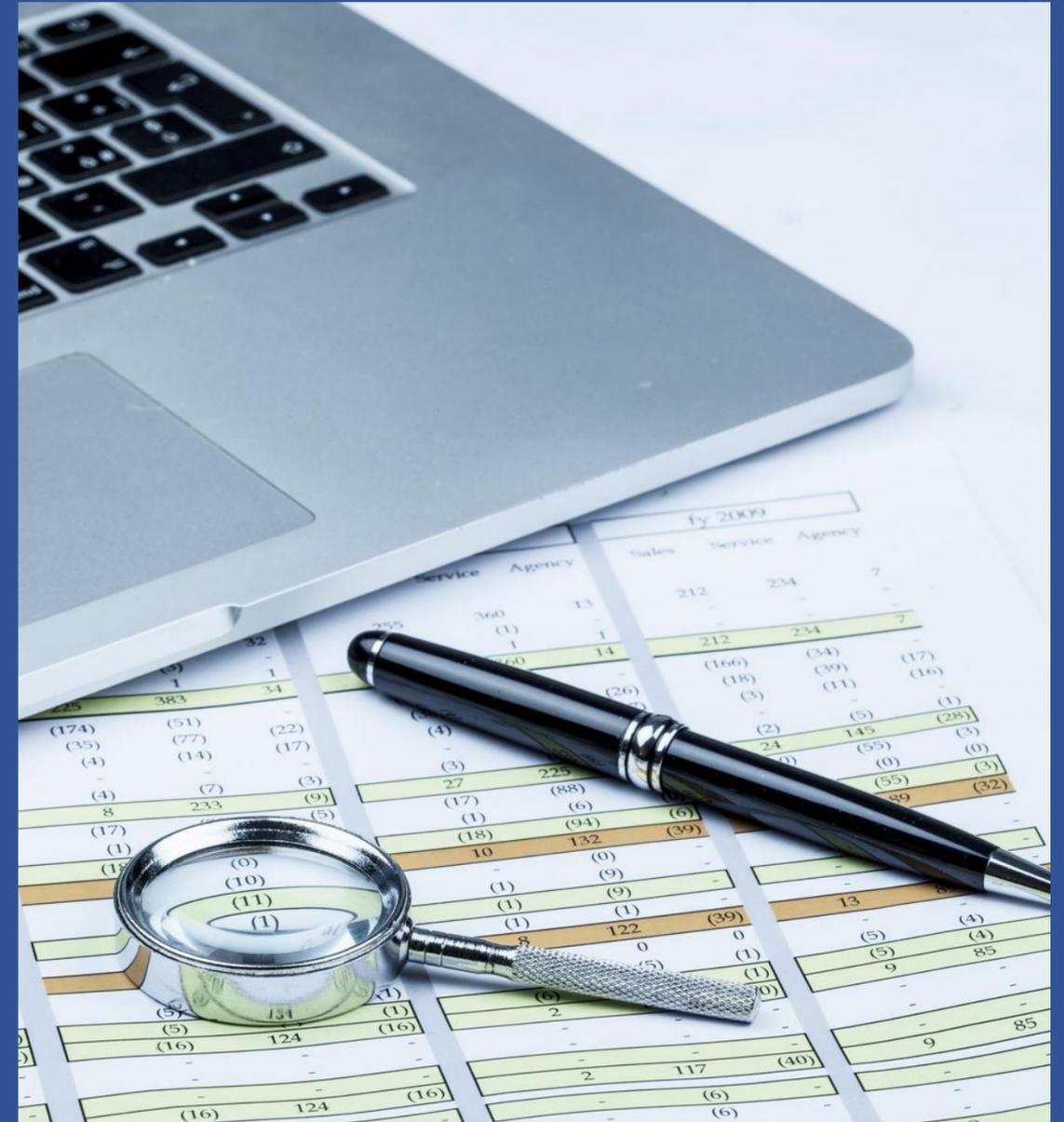
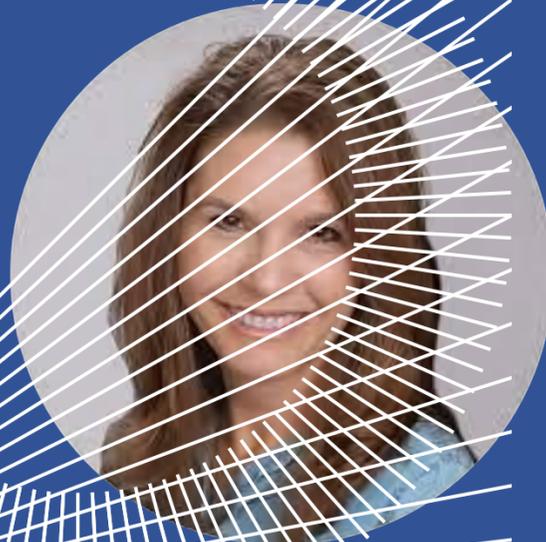


School Finance 101: Budget Basics Course #2





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ASBA

School
Finance:
Budget Basics
Course #3

December 8, 2021
4:00-5:00 pm

School
Finance:
Budget Basics
Course #4

December 16, 2021
10:30-11:20 am

Annual
Conference
Breakout

Made possible with support from:

FORECAST5[®]
ANALYTICS

A Frontline Education Company

STUDENT ACHIEVEMENT

The Essential Work of School Boards:

The primary purpose of school boards is to promote and ensure student achievement and positive student outcomes.



The Board's Role in the Budget

1

Review Budget Development and Vote on Adoption

With the superintendent, review student achievement data and any recommended programs/positions for the coming budget year. Discuss and vote on the adoption of the proposed budget in open meeting.

2

Monitor the Budget

Ensure compliance with the adopted budget via reports on the status of expenditures and understand any exceptions to budget based on emergency needs/conditions.

3

Approve Annual Financial Report

Each year the district is required to file an annual financial report to the Superintendent of Public Instruction and the State Board of Education.

4

Be Accountable

Ensure taxpayer dollars are being spent in ways that promote student success and efficient operations.

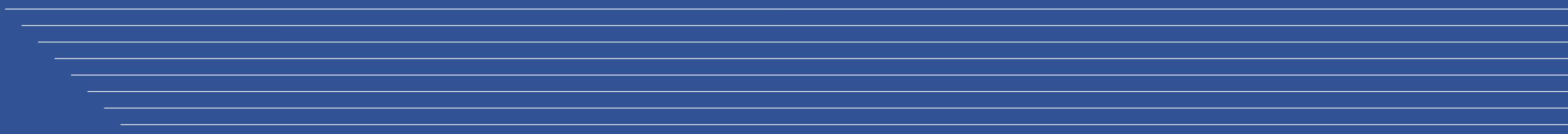


Acronyms and Phrases

You Should Know!

Course #2

Course #1 Acronyms and Phrases You Should Know are at the end of this presentation



DAA

District Additional Assistance

Flexible funds that may be spent on capital, as well as other expenditures.

GASB

Governmental Accounting Standards Board

The governing body responsible for managing governmental accounting principles to include financial reporting guidelines required for federal, state and local governments in the United States.

M&O

Maintenance and Operations

These funds are used almost exclusively for the salaries and benefits of employees; other daily operational expenses are funded primarily from this bucket.



RCL

Revenue Control Limit

A legal spending limit placed on school districts

QTR

Qualifying Tax Rate

The legislatively determined property tax rate

SFB

School Facilities Board

The governmental entity that allocates funding to school districts for new construction and building renewal

USFR

Uniform System of Financial
Records

The accounting and financial reporting manual for Arizona school districts, published by the Arizona Auditor General

Buckets of Money = Funds

- Cash is kept separate from other funds—like a checking v. savings account
- Three major fund types:
 - Governmental
 - Proprietary
 - Fiduciary

Definitions found in AZ Auditor General guidance called the Uniform System of Financial Records:
<https://www.azauditor.gov/sites/default/files/USFR8119.pdf>

Governmental Funds

General Funds:

- M&O

Capital Funds:

- Unrestricted Capital
- Adjacent Ways
- SFB
- Bonds

Special Revenue Funds:

- Classroom Site Fund
- Federal Grants
- State Grants
- Local Grants
- Cash-Controlled Funds

Debt Service

Governmental Funds: General Funds

M&O: Maintenance and Operations

- Fund # 001
- Tracked by four major programs:
 - Regular Education
 - Special Education
 - Career Technical Education
 - Pupil Transportation
- Funded primarily through State and County equalization and property taxes
- Can also be funded by an override, DAA (District Additional Assistance) and Impact Aid

Governmental Funds: Capital Projects Funds

Examples of Capital Projects Funds:

- Unrestricted Capital Outlay (Fund 610)
- Adjacent Ways (Fund 620)
- Bond Building (Fund 63X)
- School Facilities Board (SFB) funds (Fund 69X)

Used for capital purposes, examples include:

- Equipment
- Buildings
- Land

Governmental Funds: Capital Projects Funds

Unrestricted Capital Outlay

- Fund # 610
- Tracked by four major programs:
 - Regular Education
 - Special Education
 - Career and Technical Education
 - Pupil Transportation
- Funded similarly to M&O, with the exception of a specific capital outlay override (not M&O override) and can also use the RCL (revenue control limit) transfer, along with DAA
- Used for:
 - Some instructional materials (i.e. textbooks, software)
 - Equipment above the capitalization threshold
 - Vehicles
 - Buildings
 - Land

Governmental Funds: Special Revenue Funds

Special Revenue Funds:

A special revenue fund is **an account established by a government to collect money that must be used for a specific project**. Special revenue funds provide an extra level of accountability and transparency to taxpayers that their tax dollars will go toward an intended purpose.

Special Revenue Funds include:

- Federal/State/Local Grants
- Classroom Site Fund
- Food Services

Governmental Funds: Debt Service

Debt Service Funds:

- Fund # 700s
- Used to pay back principal and interest on bond money
- Bonds are voter approved
- Similar, on a much larger scale, to mortgage payments on a home

Proprietary Funds

Types of proprietary funds:

Enterprise Funds:

- An account that receives fees from external users for goods or services provided by the school district
- Examples: Printing services, catering services from CTED programs

Internal Service Funds:

- An account used to collect cost reimbursement for goods or services provided to other funds, departments, component units or governmental entities
- Example: Self-insured fund

Fiduciary Funds

Funds that the district holds on behalf of someone else in a custodial capacity. The district does not control or own the funds and cannot use it to fund district programs.

Examples:

- Student activities funds
- Trust or pension funds

A graphic featuring a stack of yellow-outlined dollar bills. In the top left corner, there are smaller icons: a money bag with a dollar sign, a calculator, and a bar chart with arrows. The text "Financial Oversight" is written in a large, white, sans-serif font across the center of the bills.

Financial Oversight

Board members provide oversight on behalf of the taxpayers of the district.

Here are some tools used to provide the oversight.

Budget Adoptions, Revisions and Public Hearings

- USFR Calendar of Events: Page II-1
 - azauditor.gov
-

Annual Financial Report

- October 15 annual deadline
-

Financial Audit

- Independent auditor's report
 - USFR compliance questionnaire
-



Regular Financial Reporting

Regular Financial Reporting

Administrative Level

- USFR Section IV requires at least quarterly preparation of operations and variance analysis
- Requires, at a minimum:
 - Budgeted expenditures per the last legally approved/adopted budget
 - Current month expenditures
 - Year to Date (YTD) expenditures
 - Remaining balances, both committed and unencumbered

**Level of detail dependent upon the needs of administration
(can range from the fund level to the object code)*

Regular Financial Reporting

Governance Level

DI ©

FISCAL ACCOUNTING AND REPORTING

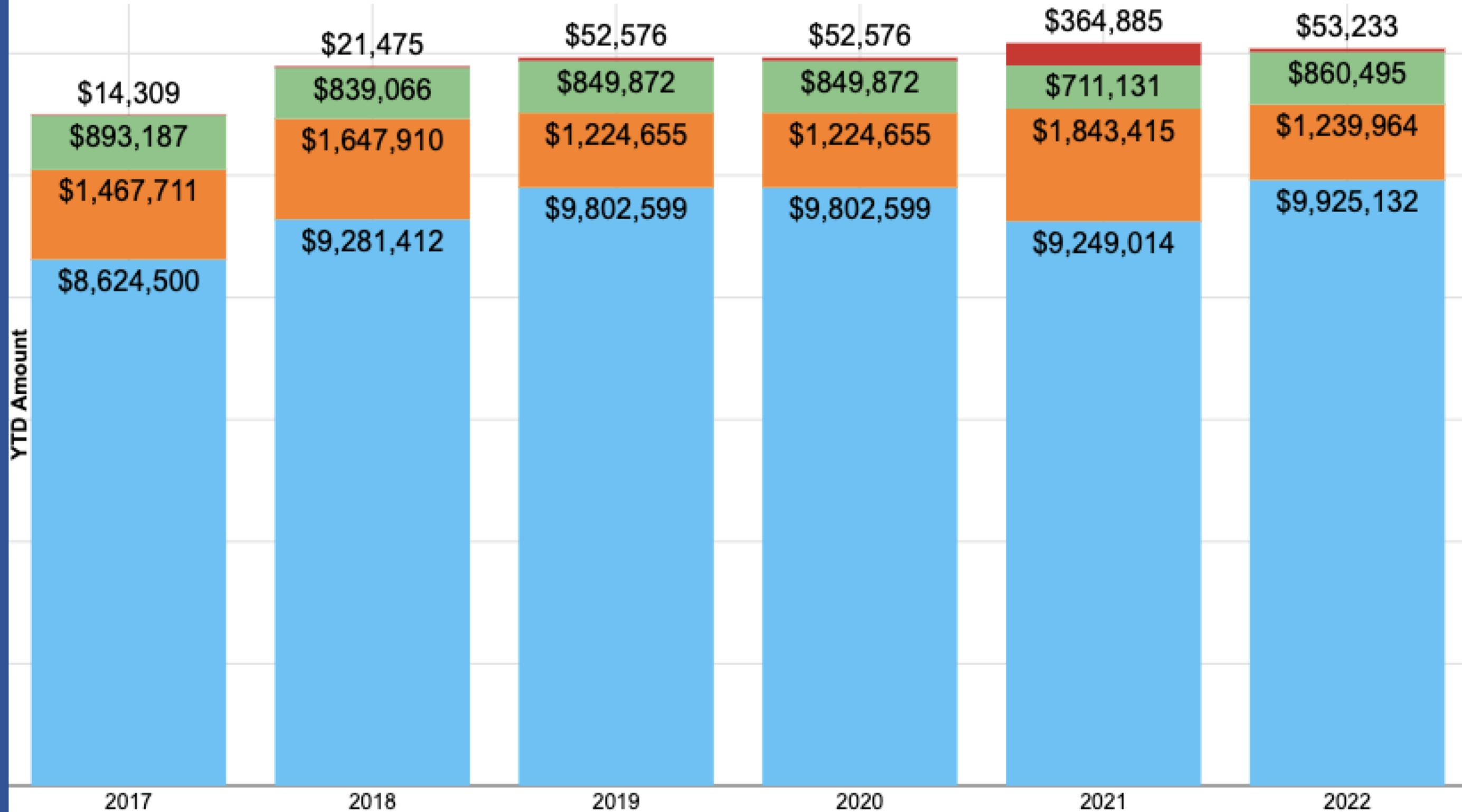
The Superintendent shall be ultimately responsible for receiving and properly accounting for all funds of the District.

The Uniform System of Financial Records developed by the State Department of Education and the Auditor General's Office shall be used to provide for the appropriate separation of accounts and funds.

The Superintendent shall provide to the Board periodic financial reports showing the financial condition of the District.

The Superintendent shall also be responsible for student accounting and shall report enrollment and attendance as required by the state.

M&O - YTD Expense Comparison



For the Period JUL - DEC

- Salaries and Benefits
- Purchased Services
- Supplies
- Other

Questions Board Members Can Ask

Are there any large variances in the trend and why?

How will we mitigate any variances?

Does the finance department have any concerns?

Do we have any one-time funding?

How are we going to address the loss of the one-time funds?

Can we anticipate increased or new funding?

Questions Board Members Can Ask

How often can we anticipate a financial report?

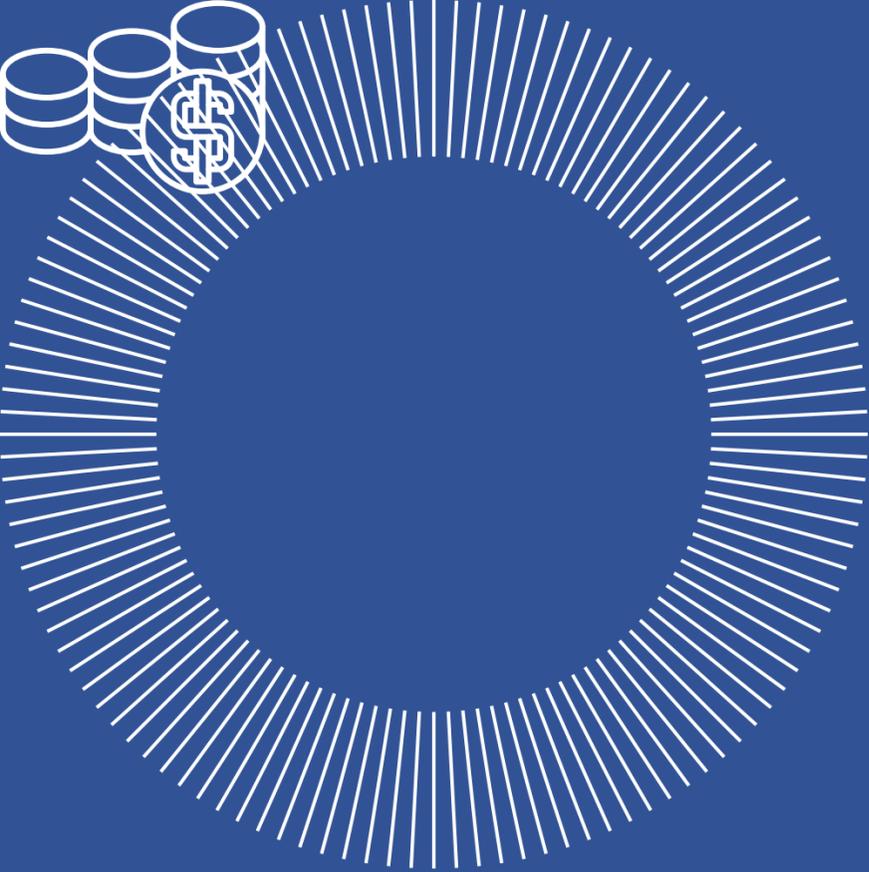
Do we have any way to share our financial status to taxpayers?

How do we compare to “like” districts?

How does our budget reflect our strategic goals?

Do we gather stakeholder input when developing the budget?

Will you notify the board of any unanticipated expenditures as they happen?



Ongoing Duties

Governance Level

- Understand budgetary limitations—especially in the context of short- and long-range strategies
- Establish policies that allow for the proper management of district funds
- Provide oversight and accountability for the expenditure of district funds (i.e., review of accounts payable activity/vouchers)
- Support the development of a high-quality education for every student based on the funding available
- Utilize board meetings and other community forums to inform taxpayers about the financial needs and condition of the district

Do you have questions?

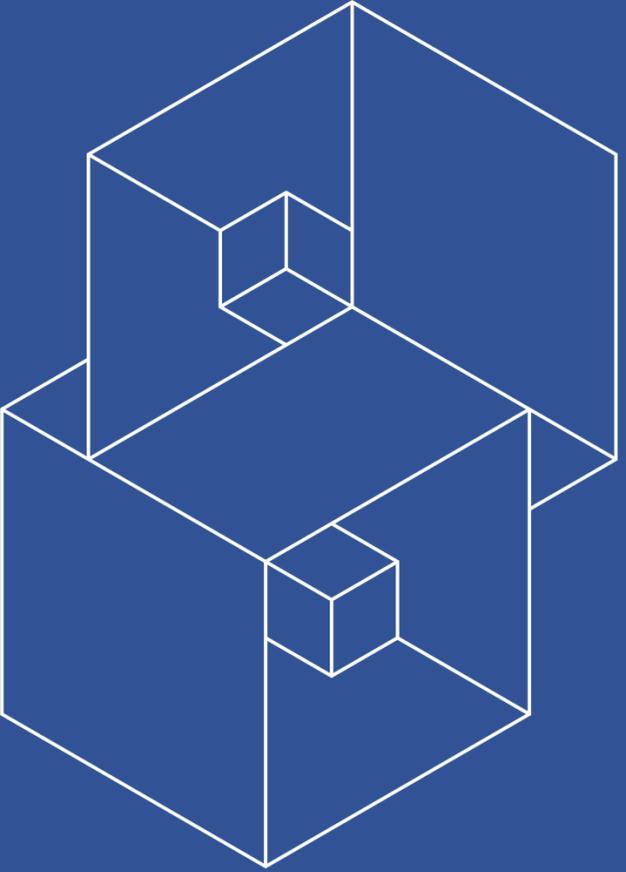
Contact us anytime!

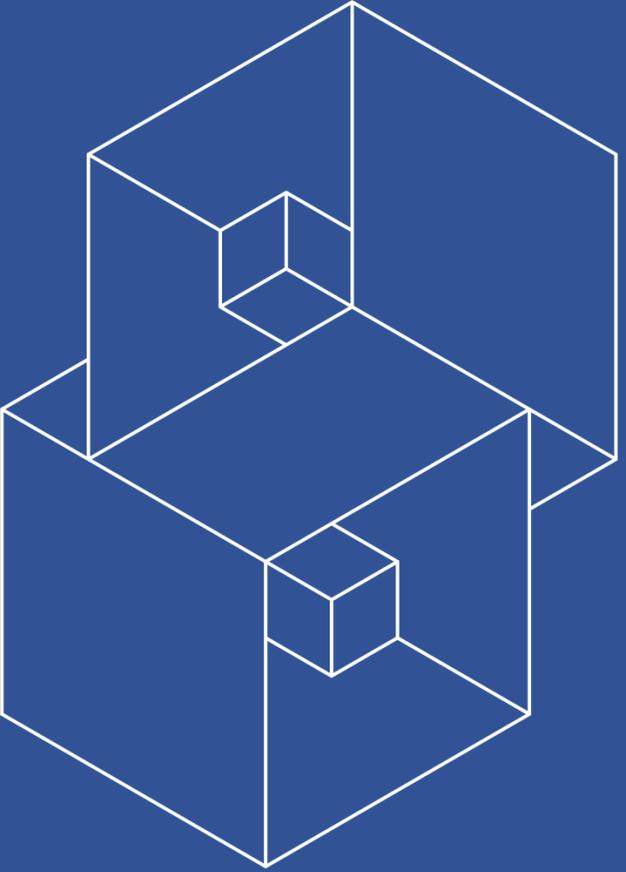
Julie Bacon

jbacon@azsba.org

Melissa Higdon

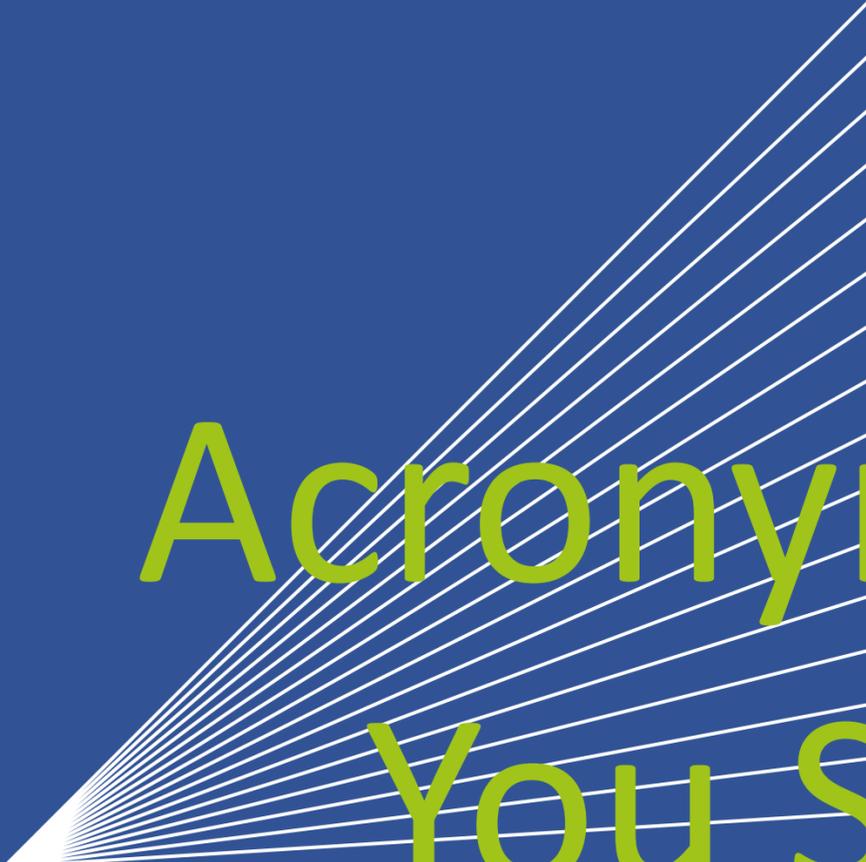
mhigdon@forecast5analytics.com





If you have reached the end of the webinar and you were not listening to it live, please email Julie Bacon at jbacon@azsba.org for credit towards the School Finance: Budget Basics certificate*.

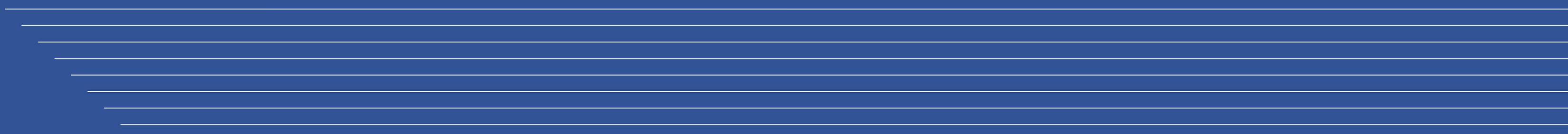
***You must attend all four in this series of courses to receive the certificate.**



Acronyms and Phrases

You Should Know!

Course #1



ADM

Average Daily Membership

Total enrollment of students based on 100-day counts.

AOI

Arizona Online Instruction

Fully online student learning; funded at less than in-person instruction.

BLA

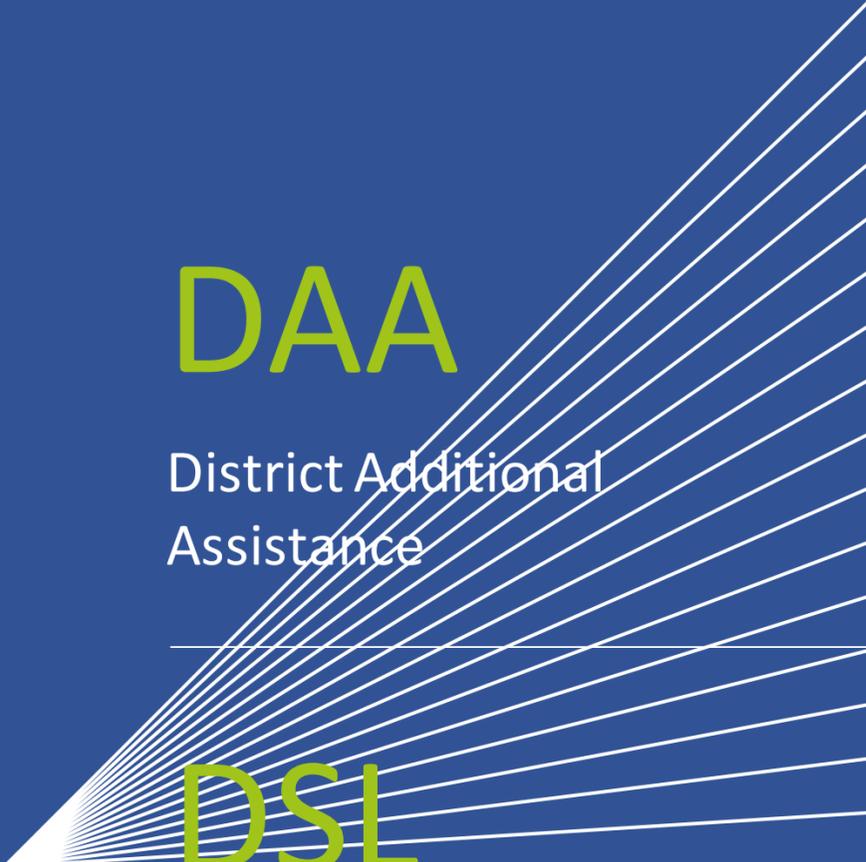
Base Level Amount

The amount of money per pupil set by the state Legislature annually. This is the starting point for all calculations.

BSL

Base Support Level

The amount of funding generated by each student in the school district.



DAA

District Additional Assistance

Flexible funds that may be spent on capital, as well as other expenditures.

DSL

District Support Level

The portion of the Revenue Control Limit (RCL) that is eligible for state funding.

GBL

General Budget Limit

A spending limit placed on school districts that includes the Revenue Control Limit (RCL) and carry forward dollars.

IGA

Intergovernmental Agreement

An agreement for good or services between two government entities; for example, the school district and the city.

M&O

Maintenance and Operations

These funds are used almost exclusively for the salaries and benefits of employees; other daily operational expenses are funded primarily from this bucket.

RCL

Revenue Control Limit

A legal spending limit placed on school districts.

TEI

Teacher Experience Index

A multiplier to the base support level (BSL) that provides more funding based on the experience of teachers; part of the Revenue Control Limit (RCL) and District Support Level (DSL).

TSL/TRCL

Transportation Support
Level/Transportation Revenue
Control Limit

Calculated limits that fund transportation costs in a school district; part of the District Support Level (DSL) and Revenue Control Limit (RCL), respectively.

UCBL

Unrestricted Capital Budget
Limit

These funds, which can be only used for capital expenditures exempt from District Additional Assistance (DAA), must be used for large items such as land, buildings, furniture, pupil and non-pupil transportation vehicles, instructional aids including software and library books.



Activity Support Level

Funding for transportation expenses not related to classroom instruction. Examples include transportation for field trips, sports, fine arts, competitions, etc.

Capital

The "stuff" school districts need to function; this includes buildings.

Debt Service

Interest paid for loans to the district. For example, bonds accrue interest charges that must be paid by the district.

Unweighted Student Count

Your district's ADM (average daily membership).