

SUGGESTIONS  
FOR  
BUDGET PREPARATION IN 1969 - 70

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Gleaned From  
School Budget Review Hearings  
and  
Discussions at Meetings Conducted

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Division of Administration and Finance  
1969

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State of Iowa  
Department of Public Instruction  
Paul F. Johnston, State Superintendent



## FOREWORD

In order to bring about uniformity of reporting and an understanding of the implications of H.F. 686 now in operation, the following informational brochure has been prepared.

It should be understood that it is an interim report of an exploratory nature and much of the material covered will be included in a revised edition "Uniform Financial Accounting Manual". The information obtained has been gleaned from discussions at School Budget Review hearings where budget inconsistencies and certain practices followed seemed, in many cases, to work to the detriment of the school district.

It is intended that the data covered in this report serve as a guide when a particular situation is being considered rather than to read in its entirety with the idea of full comprehension on the initial reading.

Copies are being sent to city and county superintendents and board secretaries.



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## PREPARING THE 1969-70 BUDGET

Many days of arduous labor will go into the preparation of an educational plan for a community. Ideas have been discussed throughout the year by those responsible for recommending the school district's curricular offerings. A time is reached when it is necessary to assess the kind and amount of human effort and materials needed to put the program desired by the community and school officials into operation and also translate this decision into a cost to the school district.

Instruction and administration categories comprise approximately 70 percent of the normal school budget. These receive the major portion of concern when decisions must be made regarding the human effort needed to give direction to the curriculum.

Goals should be set by those who are directly responsible for the curriculum as well as goals by those who have been asked by the community to govern the financial effort. For the school staff to feel that everything they suggest should be placed in operation is as absurd as for board members to set a ceiling and say, that under no circumstances, will a certain budget figure be exceeded. Compromises will cause some programs to be deferred and there may be a need to finance others above the limits that may be prescribed for full participation in state equalization aid. The local district still determines and has the opportunity to pay for the program that the community desires.

This report is an attempt to acquaint those responsible for preparing the budget with the various problems that will be encountered relating to the provisions of H.F. 686 and to the suggestions made in the Uniform Financial Accounting Manual. Some future changes in the manual will need to be made due to the adoption of this law. This preparation is intended to provide adjustments until a revision is made.

First, a general knowledge of the sources of funds is needed. The basic school tax equalization fund has been introduced as a new depository by H.F. 686 along with the development of a new system for distributing state aid to all Iowa public high schools. Incomes from other sources are computed and deducted. The balance of the funds necessary to subscribe the budget must come from the local district taxes.

A new concept of school finance has developed since other sources of revenue have been introduced. Mill levy in the past seemed to be the sole indicator of district effort. With state funds appropriated and equalization taking place at the county level, a shift is now being made to give more concern for the actual dollars per-pupil received and spent for an educational effort.

With this shift in emphasis and dollars per-pupil becoming more accepted as a base, it is necessary that all measures possible be undertaken to provide uniformity and assure accuracy. Opportunities to estimate where such estimates cannot be later changed to actual figures should be reduced to a minimum.

Along with the normal inconsistencies encountered because of late tax draws, the meaning of a secretary's balance at a given time, has little validity as an indicator of a district's true financial condition. A much more valid and reliable picture can be obtained from a yearly look at the amount of the proposed budget not expended. With this in mind, situations where anticipated receipts were not received may seriously distort the district's financial recapitulation.

The remaining sections will deal with more specific phases of school finance which influence the preparation of the budget. Charts, which have been prepared

and included as an appendix, can be used to prepare worksheets for use in preparing budget data. School Budget Review Committee members found through discussions with boards that certain factors seemed to have a more direct bearing on a district's financial structure than others. An attempt has been made in the following sections to identify these factors. The appendix also contains a summary of the points which have been used in discussions with those districts subject to hearings. All districts should be aware of these points and use them as a guide in preparing budgetary information of the kind needed if necessary to apply for funds above the allowable growth.

#### DATA NECESSARY TO PREPARE BUDGETARY INFORMATION

Several meetings have been held geared towards developing an understanding of H.F. 686 with the changes in procedure necessary in order to receive full benefit of all the provisions included. These meetings have been informative but have proved that there are many situations which may evolve that are based upon the decisions reached by a given school district.

Due to the complexity, it has been difficult to find those willing to take the time necessary to acquire the understanding needed to develop a financial structure strictly within the provisions and intent of the law. Superintendents, in general, have looked upon this as another burden added to their ever increasing scope of duties and have expected that in due time an easy interpretation will appear. Board members, board secretaries and business managers have expected to receive their direction from the superintendent. Changes in personnel in all of the above categories has also worked to the disadvantage of those committed to preparing the proposed budget which will underwrite the educational program desired by the community.

The remaining parts of this section will be devoted to a study of several selected charts which are placed in the appendix. From the study of these charts, it should be possible to arrive at an understanding of the points that positively or negatively affect the school district. The numbers appearing on several of the charts are dollar figures of a specific county unit and further pinpointed to a given district.

The information needed from each school district before an estimate may be obtained as to a uniform county basic mill levy, and the additional levy is as follows:

1. Total of each district's tax askings in county system.
2. Total assessed valuation in county system.
3. Total average daily membership for county system.
4. The amount of state equalization aid and income tax return expected.
5. Estimates of other revenue receipts - state - federal and local.

The tax askings in the county system result from the total expenditures less deductions as prescribed in H.F. 686. Table No. II on the adopted budget form (15K-636) has been reproduced in Chart IV appearing in the appendix. Since the funds proposed to be appropriated this year are about the same, all districts have been asked to consider estimating state equalization and income tax aid approximately the same as received this year. It is hoped that situations where irregular spending, changes in wealth factor, or other factors which cause the above assumption not to be true, can be corrected at the Comptroller's Office.



As the Attorney General ruling now stands, the state equalization aid and state income tax must be included in the deductions. The remainder of the items appearing on Chart IV should be estimated and deducted before taking 40% of the net expenditures. If the provisions of the law are returned to the original intent by the legislature, the state equalization aid and income tax on Chart IV should be deleted before computing 40% of net expenditures.

Charts VI and VI(a) have been included to show how reimbursable expenditures are computed. Careful study should be given to the new meaning given several code numbers, especially where they assume a non-deductible status, when handling reported receipts. These charts should help to develop an understanding as to how the school district's state aid claim is computed. They also can be used when estimating where it is necessary to arrive at a proposed reimbursable expenditure.

The uniform county basic mill levy is determined by adding the proposed expenditures for each school district of the county and subtracting from this amount the anticipated receipts, which include state equalization aid, income tax receipts (40%), the estimated unencumbered balance, and other receipts mentioned in Chart IV. The sum is multiplied by 40% and that product is divided by the county valuation. Charts 10, 11, and 12 show a column breakdown of the factors used in determining the financial contribution of each contributing body.

Chart III shows necessary steps needed to compute the county basic school tax equalization. The 40% general fund tax askings for 1968-69 have been computed for each school district along with the 40% income tax returned to the county and these amounts totaled for all the districts in the county unit. This figure is divided by the total average daily membership for the county. The result is the county basic share per-pupil in average daily membership. Each district is entitled to a share in the county basic equalization fund according to the number of students in average daily membership as shown by the Secretary's Annual Report of the year previous to the budget being prepared. (A Budget Review Committee recommendation has been made to change this to the use of fall enrollment feeling it would close the gap of time to when the need for funds is most urgent.)

This completes the cycle for computing the district share of the county basic equalization fund. Chart IX illustrates how the district's mill levy is determined. 40% of the total county net expenditures divided into the assessed valuation is the calculated figure for the mill levy that is to be uniform in the county. The uniform county mill levy multiplied by the district's assessed valuation will indicate the local districts contribution to the county basic equalization fund. The additional school askings, after state equalization and income from other sources has been deducted, becomes the figure to be divided into the district's assessed valuation to determine the additional mills needed as a part of the local effort in financing.

Determining a district's net reimbursable expenditures is shown in Chart V and should be thoroughly understood both in using it in estimating as well as a general knowledge of how the state aid claim is tabulated. From the adopted budget form (15K-636) the proposed expenditures are listed. (Changes in this form should provide classifying expenditures as reimbursable and non-reimbursable and receipts on a deductible and non-deductible basis.)

It should be understood that most of the estimates in the receipts section will be changed to actual figures when available. Some receipts represent income from non-tax services, as well as, credit given for transportation of pupils living within the statutory limits, create problems for those making accurate estimates.

Once the reimbursable expenditures have been determined, the district's share from the county basic equalization fund is subtracted from this total and the resulting figure is the net reimbursable expenditure which is used to calculate state equalization aid.

Chart VII gives a box illustration of how the net reimbursable expenditures are used to determine the actual state equalization aid claim. The following two factors are applied to the net reimbursable expenditures which finally determines the state equalization aid that would apply to this proposed budget. First, the state share factor is determined through a formula which takes into consideration a number of different totals which will be explained later. An average share factor is .75 according to the formula with higher figures signifying a poorer district and a lower percentage, a richer district. The factor applied gives the state equalization aid before prorate. Second, since the sum of money to be distributed will most likely be the same, it is necessary that an equal ratio be established in the claims to this total. It can be assumed that the prorate figure will be lower next year along with the budget expenditures increasing. The new prorate is applied to the state equalization figure obtained above. This prorated state equalization aid along with income from other sources becomes the final credit items when establishing the final portion of the levy necessary to raise the total budget.

Charts X, XI and XII show a budget worksheet similar to (15K-636) the adopted budget. It should be understood that the data necessary for determining any items after column 7 may be difficult to obtain and usually not complete or accurate. Corrections are usually made to estimates, and as such, influence the remaining columns. When working with these estimates, the assessed valuation which will actually be used in determining the levy is not known. Actual state equalization aid as well as actuals in other state allocations are also not known and are changes which will ultimately be made when correct amounts certified to the Comptroller's Office are assessed. The uncertainties mentioned above makes the release of a proposed millage levy to newspapers somewhat risky and should be done only with full understanding regarding changes that could occur. Board members and interested citizens should not expect a superintendent or business manager to calculate an exact millage figure due to the many extenuating circumstances listed above.

The second section will be directed toward accounting procedures which will assist in complying with the new law and also compile data necessary in case a school district might be subject to review by the School Budget Review Committee.

#### SUGGESTIONS TO DEVELOP ACCOUNTING PROCEDURES TO COMPLY WITH H.F. 686

##### 1. The Use of Clearing Accounts

The Iowa Uniform Financial Accounting Manual in Chapter V gives detailed information for the use of clearing accounts. It is necessary to make several changes in order to use these accounts effectively with the new law.

First, because of the need to identify reimbursable and non-reimbursable expenditures, these accounts, if originating out of a reimbursable category, should show any receipts in a code number that would be deductible if they were to properly show their effect against reimbursable expenditures. How-

ever, it is suggested that only the deficit be budgeted and a ledger account handle the transactions.

Second, if a clearing account is to originate from a non-reimbursable category and a receipt has to be shown, it would appear as a non-deductible code number and against the expenditure which was also not reimbursable. Here the same suggested procedure as to budgeting the deficit should be followed.

Again, to best use clearing accounts in either of the above instances, it would be preferable to eliminate the possibility of over-estimating or under-estimating by use of the deficit balance procedure or by showing only a receipt balance which would be above the total anticipated expenditures when setting up these accounts.

## 2. Accounts for Federal Funds

The new adopted budget form (15K-636) will most likely carry a line item in the reimbursable section for Title I or III ESEA expenditures and also in the receipts section to show the amount of funds anticipated for Title I or III ESEA projects which would be deductible. The estimated expenditures should be balanced with a like receipt. This procedure has the effect of not changing per-pupil reimbursable expenditures since the same dollar figure will be on each side. Federal regulations require that this procedure be followed as an accounting procedure.

It should be understood any change downward in receipts received from the initial budgeting in the Title I or III ESEA programs must be counteracted by a reducing the amounts expended. To continue spending above the amount received will reduce the secretary's balance. As long as it is in the budget as an expenditure, it can be available with the above mentioned effect on the secretary's balance. However, if it is the board's desire to reallocate the funds as an expenditure in another category, it should be handled by a motion and properly recorded in the minutes.

Other federal funds, where the school district is acting only as a depository and handling the accounting, should be handled through a clearing account with the necessary distinction made to provide a separate ledger page with proper identification for the accounts and only balances in expenditures or receipts reported in summary reports. This procedure should alleviate the need to search through many records when making a report for the designated federal projects and funds received.

Federal funds for impacted areas (P.L. 874) should not be listed on the expenditure side and should be shown as a receipt in a code 01310 which is one number used as a non-deductible receipt. This one number is located among deductible code numbers and is considered an exception. This exception will need to be made only if legislative action occurs to make this category of funds not deductible when figuring reimbursable expenditures.

## 3. Handling Cooperative Accounts

School districts often enter into arrangements whereby they serve as an administering agency for a program which may be partially subsidized by another legally constituted taxing body such as a county board of education. Districts should handle these funds as a clearing account and the budget expenditure show

only the contribution of the district if one is made. The school district administering the program will stand to gain additional ADM unless it is proven that the costs are being borne entirely by the county boards. It should be understood this situation might not take into consideration the total costs of educating a child in the district but until county or merged area budgets can be added to the local effort, a true figure cannot be clearly established. Districts paying for special education services on a tuition basis should provide for these expenditures on the line item specifically provided. Extra costs to the administering district should be an instruction code number.

4. Estimating Receipts

Over-estimating receipts will have the general effect of lowering the secretary's balance and once lost, according to H.F. 686, it is quite difficult to recover. The need for estimating receipts accurately has been somewhat helped in that the Comptroller's Office will substitute actual figures for equalization aid, income tax refunded to the county, vocational aid, special education aid, drivers education aid, and it would probably not be difficult to determine actual federal funds given to a district. Most of the above categories are adjusted before the levy is spread. The opportunity for the district to be solely responsible for an estimate of receipts, which cannot be corrected with actual figures before the levy is spread, should be reduced to a minimum.

5. New Concern for Underexpended Budgets

A new development has occurred in the budgeting process now that the county basic equalization fund has been established. Money unexpended or in situations where one district gets more out of the county basic equalization fund than they contribute, may be considered as not fully belonging to that district. It would seem that secretary's balances up to the April, 1969 tax draw belongs fully to the district and after that the portion which has come from the combined effort of uniform county levy and local district, should be considered in a different way. These special receipts as well as the amount of the proposed budget unexpended should be identified and these figures made available to all units in the county. Along with this situation, it would seem that some procedure should be set up to raise a secretary's balance of receipts over expenditures through a levy by the local district only. Until this can happen, it would appear that all districts must be concerned where a balance is lowering or raising appreciably since each one is being affected by the change.

6. Developing a Working Budget

The State Department is requesting that a uniform working budget be prepared. The form listed in the Uniform Financial Accounting Manual should be the basis of the one used by the district. Some commercial firms have made the corrections necessary to comply with the accounting for H.F. 686. These working budget forms are available and should be used. However, some districts have designed their own forms to fit their bookkeeping practices and as such will be acceptable. A copy of the form used is required by the School Budget Review Committee for all schools. This information is needed in order to properly determine which schools will be subject to review and to substantiate adopted budget figures. Therefore, it should be prepared ahead of the certified budget and a copy sent to the School Budget Review Committee with

the adopted budget form (15K-636) by July 17. This working budget is also requested in order to get certain information regarding the school which will be used to better analyze and identify unusual circumstances.

7. Payment of Equalization Aid

Districts will be permitted to receive state equalization aid as per the per-pupil dollar amount up to their allowable growth. If below the state adjusted average, the allowable growth does not serve as a limiting factor. When the Secretary's Annual Report is submitted, the actual reimbursable expenditures and deductible receipts are calculated for all districts. For those school districts subject to review and the per-pupil figure is more, the limit prescribed by the Budget Review Committee becomes the extent to which a district can participate in state aid. This limit is the per-pupil dollar figure shown as the allowable growth. In these cases, reimbursable per-pupil expenditures shown as the allowable growth multiplied by the number of students shown in either fall enrollment or projected becomes the upper limit. The only exception being where the state adjusted average is used, no district has been limited to below this figure which this year is \$643.49 per student.

8. Discontinue Use of Form Used Last Year

It is not planned at this time to use form 668A-683AF which was used last year to determine reimbursable expenditures. Since the adopted budget form (15K-636) has much the same information, there will be less chance for errors in reporting if only the one is required. Two additional copies of the form (15K-636) will be sent with budgeting materials and should be prepared by each district and with one copy mailed to the School Budget Review Committee with the working budget at the same time. The two copies are submitted to the county auditor and one to the county superintendent. A deadline mailing date is July 17.

Statutory walking distance allowable deductions will be provided by the Division of Transportation in the State Department of Public Instruction from forms submitted to that office. This is the only item on the discontinued form that will be secured from another source.

9. Possible Changes in Form 15K-636

The adopted budget form (15K-636) prepared by the State Comptroller's Office is to be revised before printing and it has been suggested it include changes which would provide the necessary information needed to prepare the tax levy and also the data needed for the School Budget Review Committee. Chart XV in the Appendix shows a possible reimbursable and non-reimbursable section.

It may be expected that changes will be occurring as follows line items:

- A. Reimbursable and non-reimbursable sections
- B. Deductible and non-deductible sections
- C. To increase secretary's balance by district's own effort
- D. Title I and III ESEA as a line item in reimbursable with a like deductible receipts entry making an exception of Code 01310 (P. L. 874)

- E. No space for transfer in reimbursable expenditures thus discouraging its use as an individual category
- F. Add line item entitled tuition paid to another district as a reimbursable expenditure
- G. Five copies sent to each school with added copies being sent to the School Budget Review Committee and the county superintendent

10. How the Adjusted Average is Determined

As soon as all the Secretary's Annual Reports are submitted and checked for accuracy, they are totaled. From the total of reimbursable expenditures, less deductible receipts, this is then divided by the total number of students shown in average daily membership. The result is in the average reimbursable expenditure per-pupil. This average per-pupil expenditure multiplied by the determined economic growth factor becomes the adjusted state average for 1969-70. Chart XIV shows the use of the adjusted average in interpreting growth allowances. This may ultimately become the dollar figure growth for each school if changes are made by the legislature or within the guidelines of the Committee.

11. Errors in Estimating Equalization Aid

The Attorney General's Opinion, that necessitated the subtraction of estimated state equalization aid and income tax returned prior to computing the county basic equalization aid, has caused some errors in estimating which make differences either in the state aid claim or in the total amount of county equalization aid to be credited to the district. It is impossible to fully change these estimates once made, as it only creates reciprocating differences. The Comptroller's Office certifies the askings to the State Department so that the amount of the state aid can be computed. Where errors might have been made due to estimating and they have not been discovered until after the levy has been spread, they should be recorded and used as an unusual circumstance.

12. Laxity in Identifying Funds

Due to the concentrated attention which had to be focused on school budgets it has become quite evident that more consideration should be given to properly identifying funds. General Fund money accounting procedures should be thoroughly understood. The guidelines for handling all funds should be in written board policy.

All school funds (General and Schoolhouse, Activity and School Lunch) are under the jurisdiction of the board. Since these funds are subjected to regular audits, it should not be difficult to identify accounts as to their origin. Clearing accounts to facilitate record keeping should be controlled to show only an expenditure or a receipt for the final records and reports needed. Monies originating from a reimbursable expenditure category should not turn up opposite a non-deductible receipt code number, nor should they become funds used in Activity or School Lunch without a thorough knowledge by the board regarding their use.

13. Why must budgeting by school districts in the county be a cooperative procedure?

Since forty percent of the total expenditures, less deductible receipts, must come from a uniform county levy, it is necessary that all districts be

cognizant of the commitments made by each other. A large commitment to capital outlay by one district could influence the millage of all districts in the county unit.

An above normal commitment to salaries could also be expensive to the remaining districts. A more than usual replacement program for school buses by one school could inflate a given years expenditure for all schools. It would seem that each district will have to analyze their own special situations and be able to list positive and negative points towards the askings for tax funds and hope that some equality will be the end result. The questionnaire, shown in the appendix, lists questions that should be the basis for possible points of discussion in cooperative budgeting and also point up the situations which might be considered unusual circumstances.

Continued inequality in commitments by a given district could possibly lead to unfavorable publicity and in the long run be damaging to the district. With the existing provision in the law for a uniform county mill levy, there is little room for one district to place an undue burden upon another in one area without having a balancing factor to offer.

The way in which these circumstances are met by local administrative units will determine the ease in which the budgeting processes can proceed. It would seem that only a spirit of cooperativeness could be effective and that the opposite would prove to provide an unpleasant environment for the units and persons involved. Some discussion has been occurring in legislative circles to mandate a county meeting to prepare budgets. It is hoped that local authorities can accomplish this part of budgeting without mandatory legislation.

14. How does an extremely low or high cost school effect state equalization aid received?

In general, a district that has a larger per-pupil actual reimbursable expenditure total to submit can expect to be in a more favorable situation towards claiming a larger amount of funds if all other conditions are equal. Several situations may alter or assist this condition such as the number of students and the assessed valuation behind each child in a given district. The wealth factor also may be a determining factor as to the amount of funds a high or low cost district may receive. The make-up of the community, whether salaried or self employed, may have an effect on the income tax returned and this then further influence the eligibility to reimbursement for a larger percentage of expenditures. Each school district's financial situation should be understood by budget planners in the county unit.

15. What does the limitations assessed by the School Budget Review Committee this year mean to the tax levy of a given district?

The proposed budget of 1968-69 will be fully funded by the recently computed levy. No limiting action was taken by the School Budget Review Committee last year. This resulted in no limits being placed on any district's participation in state equalization aid as it becomes a credit allowance when computing the levy for taxes payable in 1969. The limitations assessed by the School Budget Review Committee and listed in their report to the legislature will serve to limit the amount of the school district's state aid claim which will be paid in the coming year (1969-70). This total actual

reimbursable figure or the amount authorized by the Committee and which will be received during the 1969-70 school year will then be placed along with other credits against the amounts necessary to subscribe the funds for the 1969-70 proposed budget. Where limitations were exorbitant, it will necessarily place an extra total dollar figure and millage commitment on the district. However, other school districts in the county will also be somewhat influenced as many of the expenditures involved in the limitation assessed will have shown up in the forty percent county effort in the 1968-69 proposed budget and the one being prepared for 1969-70.

16. What is the general effect of a lowering average daily membership?

The gap widens at an accelerated rate when a district's projected average daily membership decreases. Chart XIII shows the method of computing the projected ADM. Regular increases to budget expenditures when divided by a smaller ADM, counteract the effect the increased allowable growth factor may have and in many cases will force a district into showing a higher per-pupil reimbursable expenditure, even though they may feel they are holding the line. The use of declining fall enrollment in a district would effect downward the funds to be received from the county basic equalization fund, if a recommendation made by the School Budget Review is approved. The Committee has not recommended that fall enrollment be used in figuring the projected per-pupil reimbursable expenditures but would reserve its use as a guideline in future hearings.

17. Why is it necessary to eliminate as much as possible any opportunities to over-estimate receipts?

Total expenditures, less appropriate receipts from other sources when deducted, become the base for figuring forty percent of the expenditures that will be financed through a uniform county mill levy. To over-estimate receipts will ultimately reduce the askings, and if they will never be received, there is little opportunity for their recovery unless they appear again as a proposed budget expenditure with properly estimated receipts.

Federal programs occasionally are actually funded in lesser amounts than anticipated in the proposed budget. The adjustment to this should be made by not expending funds over the lesser amount received. As mentioned before, whenever possible only the deficit should be budgeted into a clearing account thus eliminating the possibility of making an error in estimating receipts.

18. What special situations exist in budgeting for the district that is below the adjusted state average?

This school district could propose to increase needed reimbursable expenditures up to the new adjusted state average without being subject to review or to expect that any limitation would be placed on the state equalization aid claim expected. This situation would not prevail if a recommendation of the School Budget Review is approved. The Committee has asked to review all budgets and in cases where it would seem a district was inefficient, they might be reviewed and subject to hearing even though they have not exceeded the allowable growth. A district maintaining a 5-1 high school pupil-teacher would be a prime example of this even though they may not exceed this year's allowable growth. The purpose of the review and hearing, in these cases, is to gather information for future recommendations to the legislature.



19. Why is it necessary that reimbursable and non-reimbursable expenditures and deductible & non-deductible receipts be thoroughly understood?

Since the passing of H.F. 686, many districts have lost state equalization aid to which they were entitled by failure to properly identify reimbursable expenditures. Food service expenditures, student activities and transfers other than tuition paid to another district have never counted as an expenditure in figuring reimbursable costs. Receipts from these categories, when shown, have counted as a deductible item thus reducing the total reimbursable expenditures submitted in the claim for the district. This has resulted in some of the instructions in Chapter V of the Uniform Financial Accounting Manual on clearing accounts being obsolete and the code numbers mentioned below should be used to properly designate their effect.

Special instructions that will accompany the new Secretary's Annual Report to be filed this year, if followed, will eliminate the above inconsistency. In the future only the deficit should be budgeted as an expenditure and it should be understood it is originating from a reimbursable or a non-reimbursable category. If it is originating from a reimbursable category, a corresponding receipt balance might occur in a deductible receipt code number. A non-reimbursable category would have a balancing non-deductible receipt code number. All clearing accounts should originate from a line item expenditure. The common use of listing under a transfer line item should be discontinued since it is not picked up as a reimbursable expenditure.

20. What are reimbursable and non-reimbursable expenditures and deductible and non-deductible receipts?

Expenditures for food services (code 50000 - 50999) and student body activities (code 51000 - 51999) have been specifically designated as being non-reimbursable. All other normal expenditures including tuition paid to other districts are considered as reimbursable. The non-reimbursable expenditures are general fund obligations and figured in the forty percent county expenditure totals, but cannot be submitted as eligible when computing the reimbursable expenditures used in finally determining the state equalization aid claim.

Non-deductible receipts are to be shown only in 03200-03209 (various clearing accounts originating from non-reimbursable categories), 03210-03219 (food services), 03220-03229 (student body activities), 03350 (reorganization settlements), and 01310 (P.L. 874 impacted area). All other normal receipts above code numbers 01240 shown as income from other sources are deductible and should be in receipt codes other than the above.

21. What should be included as student body activities?

Any authorized general fund expenditures allotted to financing the extra curricular program offered as a school sponsored activity is to be given proper code number in the 50000 series. Coaches increments in athletics, dramatics, G.R.A., concerts, operettas, school paper, transportation costs involved with the activity program and authorized by board, activity ticket sellers and special police or work allowances for school activities are some of the services which should be included in this non-reimbursable category. The list of items shown as not being covered in the Uniform Financial Accounting Manual should be considered when determining what should or should

not be general fund expenditure. School districts should show reasonable amounts in this category or it will be assumed they are still being coded incorrectly as a reimbursable expenditure.

22. What is the effect of the allowable deduction for children transported within the statutory walking distance?

This deduction to reimbursable expenditures will have the same effect as a receipt but does not involve any incoming funds. It balances some of the expenditures out of transportation code numbers which were not considered as regularly reimbursable transportation costs in the past due to their being less than the legal limit for picking up students.

In the future this deductible reimbursable expenditure will be taken from the transportation report filed with the State Department of Public Instruction and applied as a deduct to proposed reimbursable expenditures. Any change for the coming year out of the ordinary should be reported to the Department of Public Instruction and also may be prepared as an unusual circumstance for a School Budget Review Committee hearing.

23. Does the School Budget Review Committee or H.F. 686 set ceilings on Budget expenditures?

A direct answer would have to be "no". Neither the Committee nor the provisions of the law establish ceilings as to the amounts a school district can budget. They only limit the amount to which district can participate in state aid. It was not intended that the Committee curb the educational program desired for and by the citizens of a community. The Committee's main concern is that state aid funds will not be wasted and in cases where high costs are occurring, they may warn districts of the apparent consequences. Since the provisions of the law base the amount of state aid participation largely upon reimbursable expenditures and on a county basic unit concept, it is not difficult to see that the desired program of one community may come in for criticism by another district, not willing to undertake a more effective and costly program.

24. What is one of the immediate dangers facing boards of education?

The duties and responsibilities of all concerned with the total administrative process in developing the financial structure of a school district should be fully understood. The superintendent generally has been delegated the responsibility of outlining the educational program needed for the community. Within this delegated authority, he will make many recommendations. The funds available for carrying out this program will finally be authorized or denied by the board of education.

A new danger, which could have a damaging effect on the school district over a long period of time, is being evidenced since the new state aid law has been in effect. On occasion, boards of education have taken the position that expenditures must be cut and this action is being taken without, or even against, the recommendation of the superintendent, staff or those in the community interested in a good educational program. This leads to considerable community unrest and ultimately the school program will suffer.

25. What future guidelines are being considered by the School Budget Review Committee to recognize unusual circumstances?

The Committee, in their report to the legislature, has addressed itself to preparing new guidelines for recognizing transportation situations out of the ordinary, districts with acute building problems, staffing problems not usual to a district, innovative programs, pupil-teacher ratios and to special situations resulting from an effective curriculum or facilities rebuilding effort by a new administrator and his staff. These proposed guidelines and others are explained further in the summary questions listed in the appendix.

It is expected that these guidelines will be prepared by the Committee in such a way that they can be administered fairly and give relief above the allowable growth limit for situations clearly within the criteria developed.

It would be relatively safe to assume guidelines used this year and not recommended as a legislative change would again be used in the same way. The two main allowances were (1) the use of the fall enrollment if one percent above the projected ADM and (2) where a part of a district's own secretary's balance was used to lower tax askings. No coding allowances changes should be expected as this inconsistency is expected not to exist.

26. What is the effect of missed days on average daily membership?

Days missed due to weather conditions, for teachers institute or by special proclamation have little or no effect on ADM. School is in session only when faculty and children meet for the purpose of instructing and receiving instruction. The aggregate days present plus the total absences divided by the actual number of days school was in session determines the average daily membership.

It should be recognized that if 180 teaching days are in the teacher's contracts and less than that number are spent in actual instruction, the district's educational effort is curtailed. A special proclamation or teacher's institute day may be authorized by the board as a teaching day but should not be considered when computing ADM. It should also be understood that 180 teaching days are required in establishing the school calendar. Any logical deviation should be covered by appropriate authorization.

27. List of some summary sheets that are available?

The Department of Public Instruction has compiled summary information which will be used by the Budget Review Committee and others to compare the financial structure of school budgets. The summary data includes items such as wealth factor, state share, ADM used, dollars contributed and received from county basic equalization aid, income tax contributed and received, equalization aid paid and other pertinent data. A working budget form similar to (15K-636) is also available showing the exact data used in each of these columns. This information is available to any school district upon written request to the Department. This data could be helpful as school districts cooperatively prepare proposed budgets. The summary data is prepared on a county unit basis showing all schools in the county and is also available to county superintendents on request.



## INDEX TO CHARTS

- CHART 1 - Formula-Procedures for Figuring Local and State Market Value and Income
- CHART 2 - Formula-ADM Factor Added in Figuring Local and State Effort
- CHART 3 - County Basic School Tax Equalization
- CHART 4 - Adopted Budget and Certificate of School Taxes - Table II
- CHART 5 - Figuring Net Adjusted Reimbursable Expenditures to Calculate State Equalization Aid
- CHART 6a - Computing Reimbursable Expenditures
- CHART 6 - Computing Reimbursable Expenditures for the Purpose of Figuring Actual State Aid Claims
- CHART 7 - Figuring State Equalization Aid
- CHART 8 - Computing Local District Tax
- CHART 9 - Computing County Uniform and Local District Levy
- CHART 10 - Three Charts to Show Makeup and Relationship of Adopted II & 12 Budget Headings
- CHART 13 - Computing Average Daily Membership
- CHART 14 - New Data for 1969-70
- CHART 15 - Sample Worksheet for Expenditures
- CHART 16 - Suggested Calendar

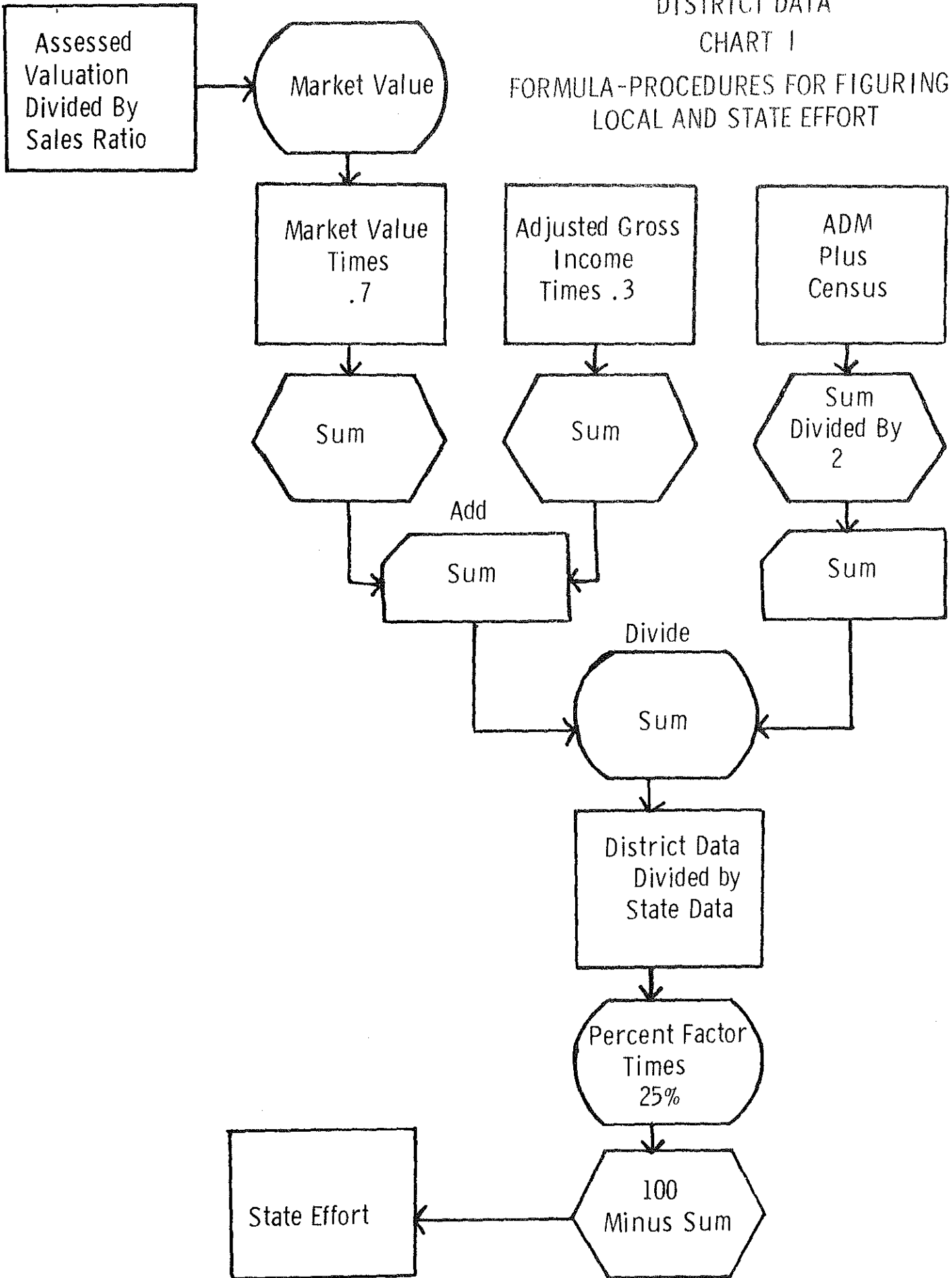
The figures appearing on some of the charts are from actual situations where schools in a county unit are involved and the latter identified to one school district. It should also be understood that some of the computations may be changed by unanticipated legislative action.



# DISTRICT DATA

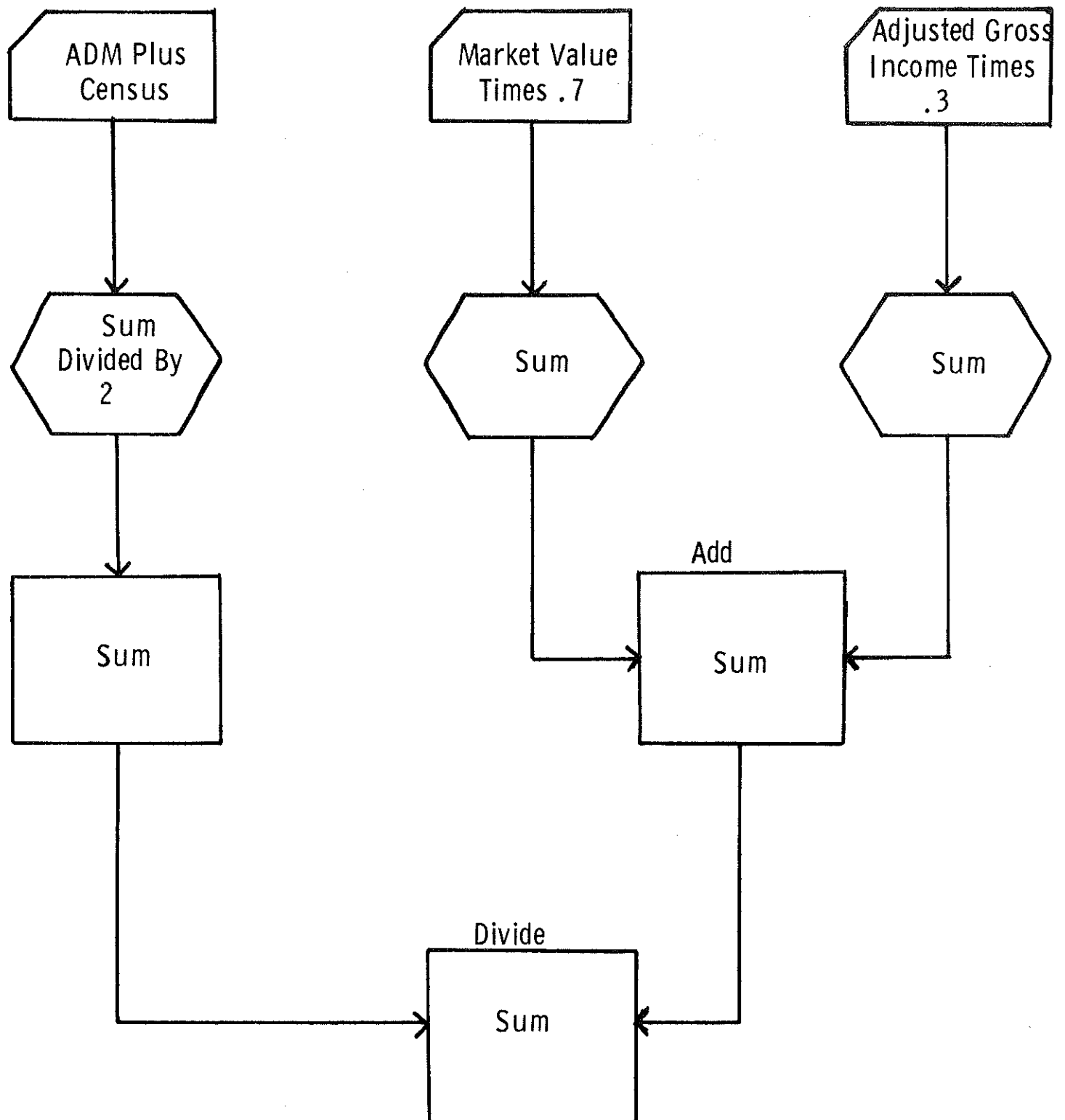
## CHART 1

FORMULA-PROCEDURES FOR FIGURING  
LOCAL AND STATE EFFORT



FORMULA-ADM FACTOR ADDED TO FIGURING  
LOCAL AND STATE EFFORT

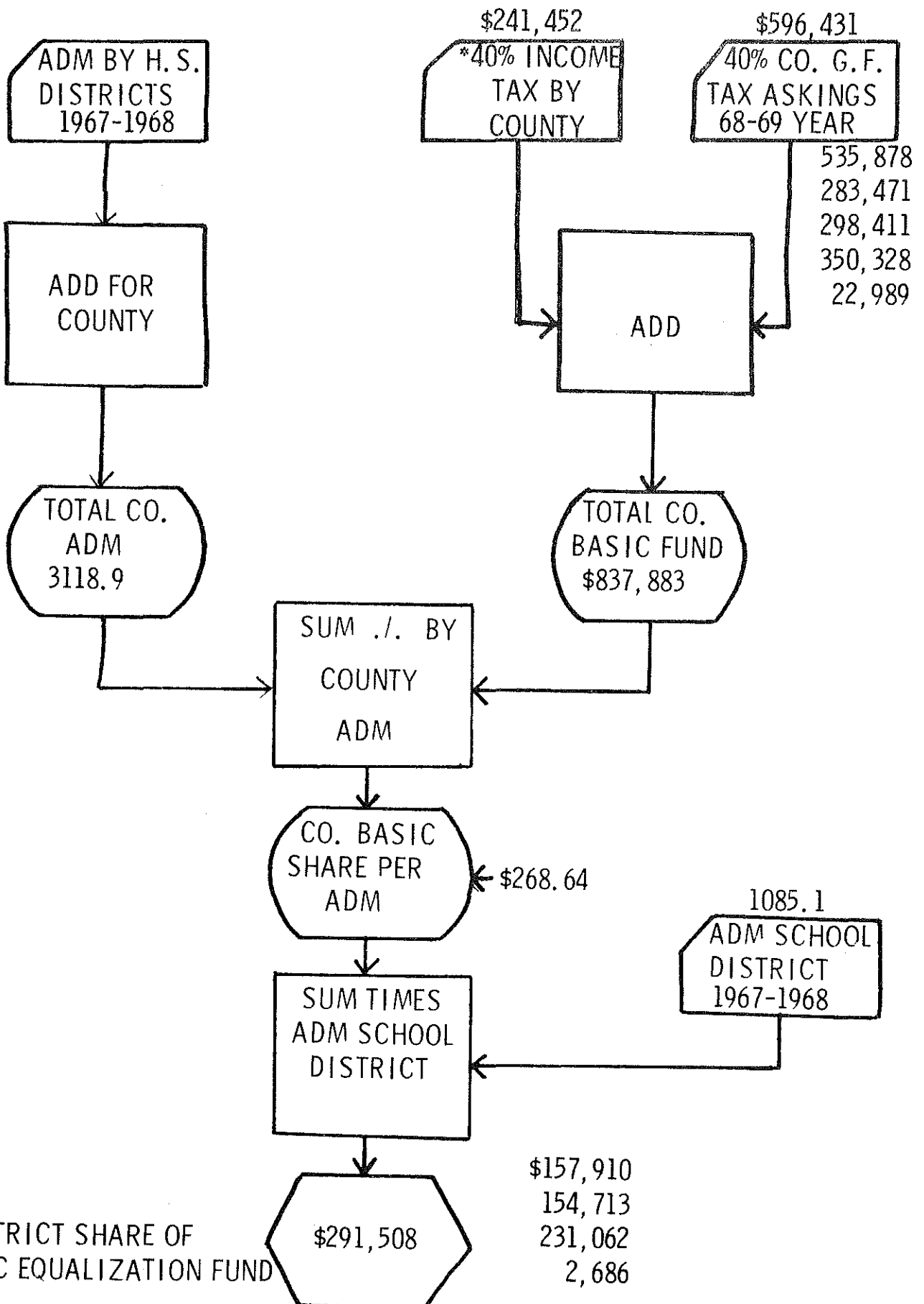
STATE DATA  
CHART 2





# COUNTY BASIC SCHOOL TAX EQUALIZATION CHART 3

1085.1  
587.8  
575.9  
860.1  
10.0



535,878  
283,471  
298,411  
350,328  
22,989

\$157,910  
154,713  
231,062  
2,686

CHART 4  
ADOPTED BUDGET AND CERTIFICATE OF SCHOOL TAXES

Table No. 2

Distribution of General Fund Receipts Other Than Taxation (Property)

	1969-1970	
State Equalization Aid <sup>*1</sup>		
State Income Tax		
Driver Education Aid		
Special Education Aid		
Vocational State Aid		
Other State Aid		
Federal Aid		
Semi-Annual Ap'ment		
Military Service Tax Credit		
Trailer Tax		
Transfers		
Tuition		
Transportation		
Other Receipts		
TOTAL		

Enter 1969-70 Estimated  
Total on Adopted Budget

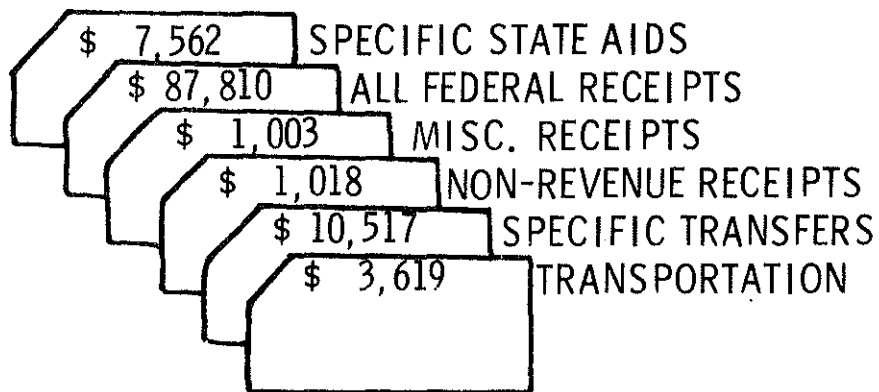
<sup>\*1</sup> If the legislative intent is restored, the two bracketed items (equalization aid and income tax) would not be deducted when determining income from other sources. Thus the county basic equalization fund commitment would be greater.

# SCHOOL DISTRICT

H.F. 686 (1967-1968)  
ALLOWABLE EXPENDITURES

(FOOD SERVICE & STUDENT  
BODY NOT INCLUDED)

TOTAL G. F.  
EXPENDITURES  
\$734,380



GENERAL  
FUND  
DEDUCTIONS  
\$111,529

FIGURING NET ADJUSTED REIMBURSABLE  
EXPENDITURES FOR PURPOSES OF  
COMPUTING STATE AID  
CHART 5

REIMB.  
EXPENDITURES  
\$622,850

DIST. SHARE  
CO. BASIC  
EQUI.  
\$291,508

Net Adjusted Used to Calculate  
State Equalization Aid

\$331,342



## FIGURING REIMBURSABLE EXPENDITURES ACTUAL

To compute the 1968-1969 Reimbursable Expenditures for use in developing the 1969-1970 General Fund school budget:

Item A.	(1)	Total General Fund Expenditures, Page 4 of SAR	
	(2)	Add: Tuition Paid Other Districts (79931) Item F	
	(3)	Subtract: Food Services (50000-50999) and Student Body Activities (51000-51999)	
		Grand Total (1 + 2 - 3)	\$ _____
Item B.		Total the following deductions & subtract from Item A.	
		Junior College State Aid - if any .....	\$ _____
	01240	Special Education Aid.....	_____
	01250	Vocational State Aid.....	_____
	01270	Special Education Transportation Aid...	_____
	01280	Driver Education Aid.....	_____
	01300 -01372	All Federal Grants & Aids (Except 01310 P.L. 874).....	_____
	01400 -01470	Tuition Receipts (State & Pvt.).....	_____
	01500	Trans. Receipts (Private).....	_____
	01610	Rent.....	_____
	01620	Use of Services or Equipment.....	_____
	01630	Gifts.....	_____
	01702	Materials for Resale.....	_____
	01704	Textbooks.....	_____
	01710	Interest on Securities.....	_____
	01800	Other G. F. Revenue Receipts.....	_____
	02000 -02400	G. F. Non-Revenue Receipts.....	_____
	03400	Tuition From Other Districts.....	_____
	03500	Transportation From Other Districts...	_____
	03100	Other Transfers - Misc.....	_____
		Total amount (per pupil cost basis) for transporting children who live within statutory walking distance from school.....	_____
		TOTAL DEDUCTIONS...	\$ _____
		Expenditures (Item A) less Deductions (Item B)	\$ _____
		Reimbursable Expenditures	

## CHART 6

### COMPUTING PROPOSED REIMBURSABLE EXPENDITURES FOR FISCAL 1969

Using the Uniform Financial Accounting Manual as a guide, add the following:

- a. All G. F. proposed expenditures having code number 10000 thru 75999 with the exception of 50000 thru 59999.
- b. All Title I and III ESEA proposed expenditures shown as a line item on the adopted budget.
- c. Tuition paid to other districts (code 79931). List sum of  
a + b + c on line 1.

\$ \_\_\_\_\_  
line 1

Add: All anticipated revenues with:

- a. Code numbers 01240 thru 02400 except 01310
- b. Code numbers for non-deductible receipts are as follows:
  - 03200-03209 Clearing Accounts
  - 03210-03219 Food Service Accounts
  - 03220-03229 Student Body Activity Accounts
  - 03350 Reorganization Settlement Accounts
  - 01310 P.L. 874 (Impacted Area Assistance)

The non-deductible receipts are not to be totalled or considered when determining the deductible receipts.

- c. Code numbers 03400-03499 (Tuition received from other districts), 03500 (Transportation received from other districts) and all other 03000 code numbers, if used, will be considered deductible and placed in line 2. (a + c)

\$ \_\_\_\_\_  
line 2

Add: Anticipated cost of transporting children who live within the statutory walking distance of school. (For use in estimating the actual total submitted on last year's transportation report should be used in line 3.) Any unusual situations in this category should be used as a supporting point if necessary to prepare for a school budget hearing.

\$ \_\_\_\_\_  
line 3

Add total deductions (lines 2 and 3) and enter total on line 4.

\$ \_\_\_\_\_  
line 4

Computed Proposed Reimbursable Expenditures (line 1 minus line 4)

\$ \_\_\_\_\_

SCHOOL DISTRICT  
STATE EQUALIZATION AID  
CHART 7

REIMBURSABLE  
EXPENDITURES  
MINUS CO. BASIC

STATE EFFORT

67.23

\$331,342

SUM  
TIMES  
SUM

STATE EQUALIZATION AID  
BEFORE PRO-RATE

CERTIFIED PRO-RATE

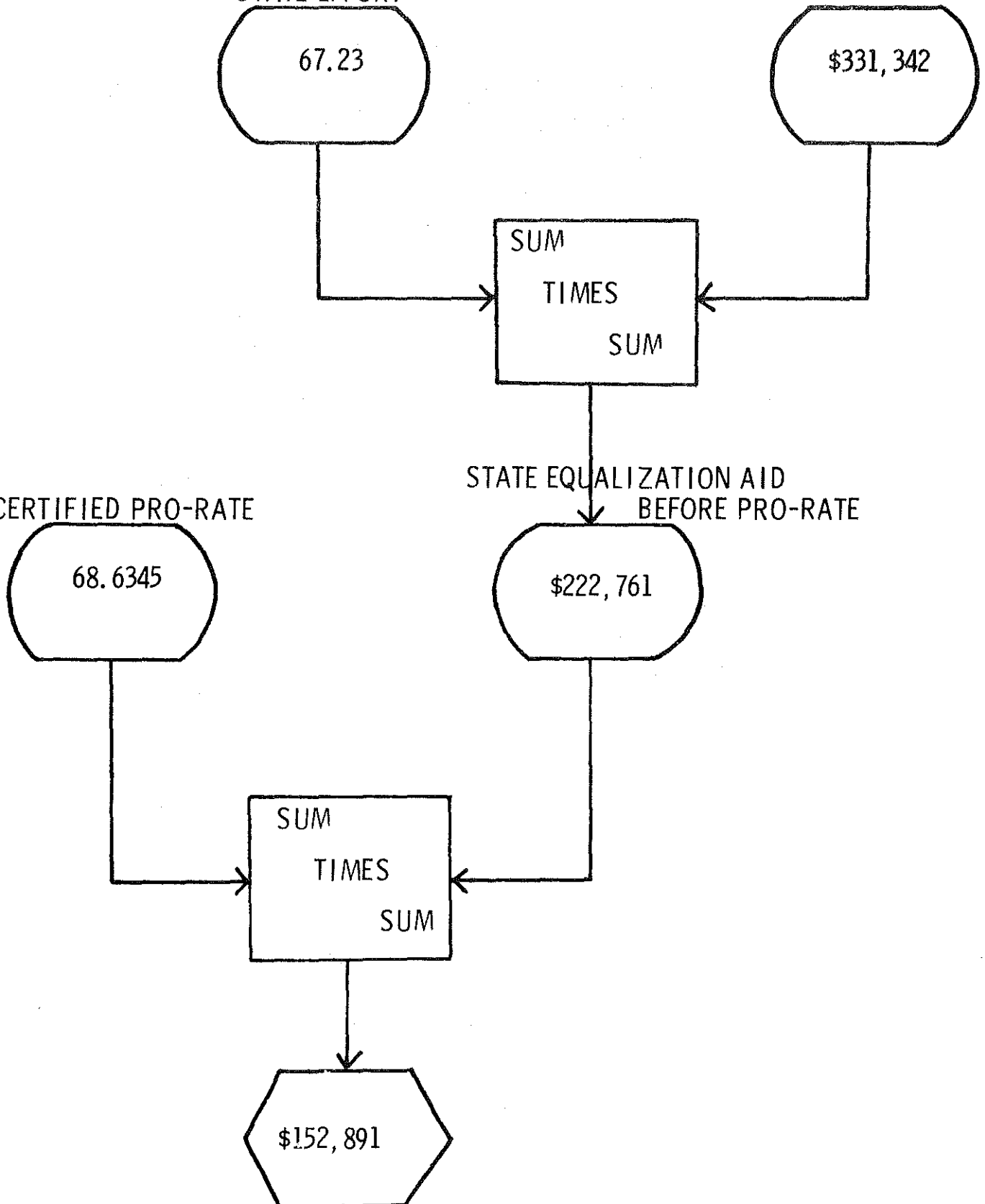
68.6345

\$222,761

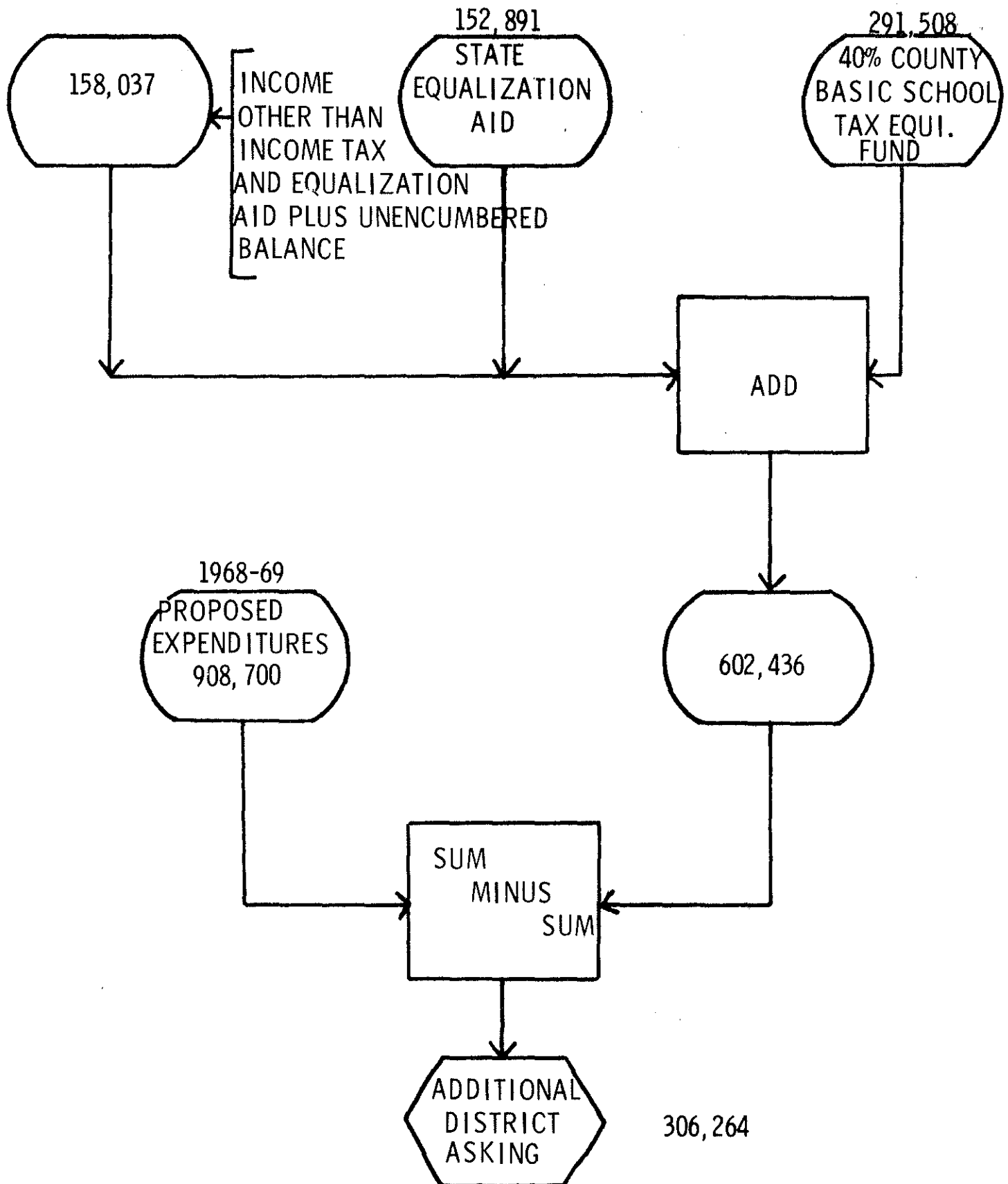
SUM  
TIMES  
SUM

\$152,891

STATE EQUALIZATION AID



COMPUTING LOCAL DISTRICT TAX  
SCHOOL DISTRICT  
CHART 8

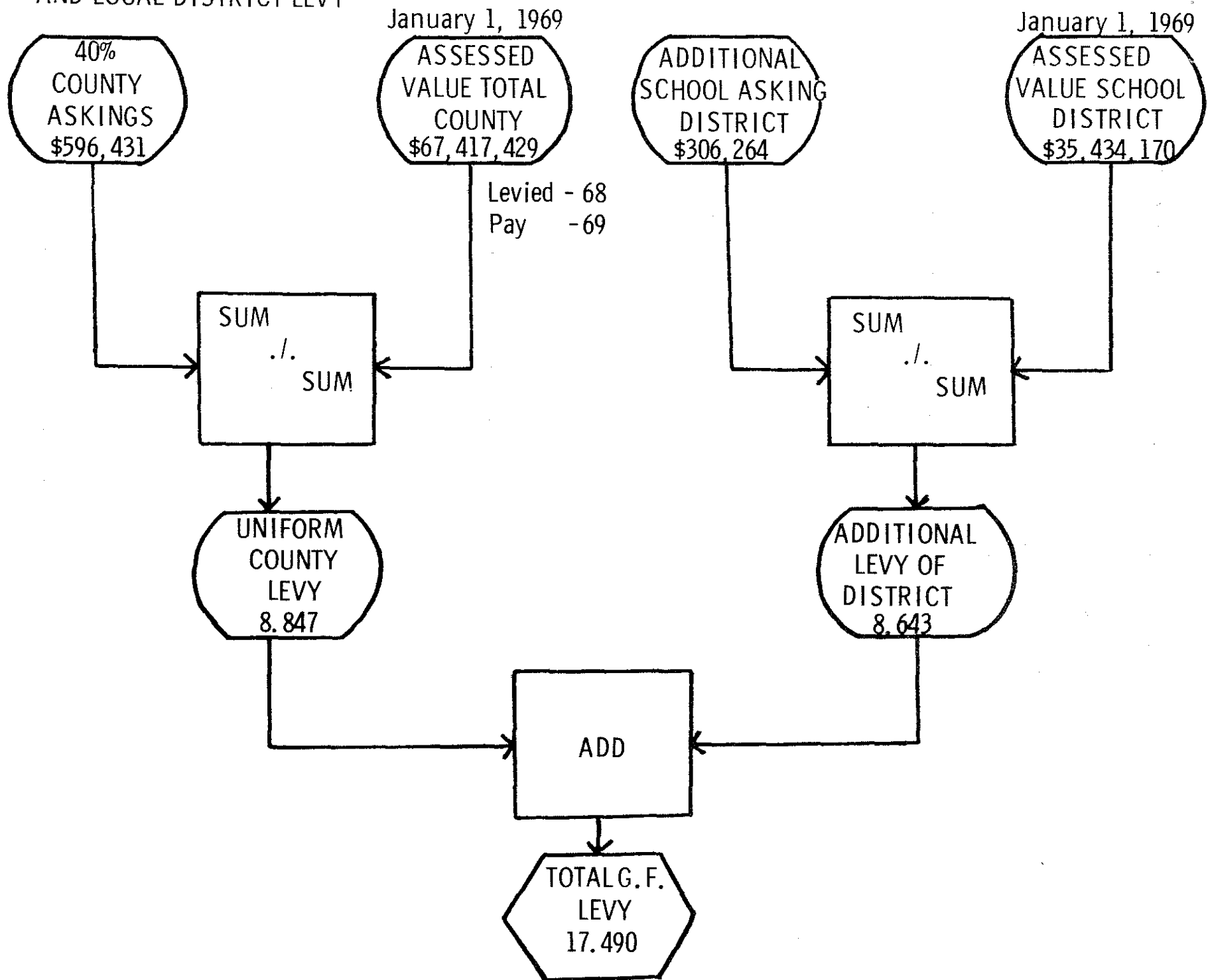




COMPUTING THE COUNTY UNIFORM  
AND LOCAL DISTRICT LEVY

SCHOOL DISTRICT

CHART 9



BUDGET WORK SHEET ONLY  
FIRST COLUMNS OF BUDGET  
CHART 10

1	2	3	4	5
Proposed Expenditures Decided at Hearing 1968-69	Estimated Unencumbered Balance to Apply on This Budget	Estimated Receipts Other Than Taxation and State Eq. & Inc. Tax Recd.	Estimated State Eq. & Income Tax Returned 1968-69	Col. 1 Less Cols. 2, 3, & 4 Amount Necessary to Be Raised by Taxation
\$908,700		\$158,037	\$214,785	\$535,878

BUDGET WORK SHEET ONLY  
MIDDLE COLUMNS OF BUDGET

CHART II

\$35,434,170

District Assessed Valuation

			County Basic School Tax Fund	
6	7	8	9	10
Bal. To Be Added With Other Dis- tricts in the Co.	Basic School Tax Unit Levy in Mills	Basic School Tax Unit Levy in Dol- lars (Col. 7 Times Valuation)	District Share of Basic School Property Tax	District Share of Income Tax (Actual)
\$535,878	8.847	\$313,486	\$207,504	\$84,004

Total Dollars in County		A. D. M. for County.....	3,118.9
School System From Column 6 .....	\$ 1,491,077	40% Dollars.....	\$596,431
40% of Total Dollars .....	596,431	District A. D. M. ....	1,085.1
Assessed Valuation in County .....	67,417,429	Per A. D. M. ....	191.23
Mills Necessary to Raise 40% Dollars ..	8,847	District Times \$ Per Pupil = Col. 9..	\$207,504

BUDGET WORK SHEET ONLY  
FINAL COLUMNS OF BUDGET  
CHART 12

11	12	13	14	15
Column 9 Plus Column 10	Actual State Equalization Aid	Col. 1 Less Cols. 2, 3, 11 & 12 and Adjustment From State Comptroller	Additional Mills	Total Number of Mills (Col. 7 Plus Col. 14)
\$291,508	\$152,892	\$306,264	8.643	17.490

### COMPUTING PROJECTED AVERAGE DAILY MEMBERSHIP FOR 1969-70

Example: Actual ADM figures appearing in the Secretary's Annual Reports prepared for 1966-67, 1967-68 and 1968-69. (Prior to May 30 the latter may have to be estimated.)

ADM 1966-67	-500	<div style="border-left: 1px solid black; border-right: 1px solid black; padding: 0 10px;"> <div style="border-bottom: 1px solid black; margin-bottom: 5px;">+10</div> <div style="margin-bottom: 5px;">2%</div> <div style="border-bottom: 1px solid black; margin-bottom: 5px;">-510</div> <div style="margin-bottom: 5px;">3.9%</div> <div style="border-bottom: 1px solid black;">+20</div> </div>	
ADM 1967-68	-510		
ADM 1967-68	-510		
ADM 1968-69	-530		

$$\frac{5.9\%}{2} = 2.9 \text{ Average}$$

$$530 \times 2.9 = 15.37$$

530.00	1968-69 Actual ADM
<u>15.37</u>	Proposed Increase in ADM #1
545.37	

\* A negative percentage applied to the 1968-69 actual ADM would indicate a declining enrollment to be used against the 1969-70 proposed budget.

CHART 14  
NEW DATA FOR 1969-70

PRESENT

Actual

- a. Actual State Average Per Fiscal Year 1968 -- \$581.45
- b. State Growth Factor 1968-69 -- 10.6693
- c. State Average Adjusted Per Pupil Reimbursable Expenditure  
(581.45 x 110.6693) = 643.49 for 1968-69

FUTURE

Assume

- a. Actual State Average Reimbursable Per Pupil Expenditure for School Year 1968-69 May Be \$650.00
- b. State Growth Factor Estimated Generally At .08
- c. State Average Adjusted Per Pupil Reimbursable Expenditures  
(650 x 108.00) For School Year 1969-70 Would Be \$702.00
- d. If Dollar Amount Concept Recommended By Budget Review Committee Is Adopted, The Following Additional Computation Would Be Made To Determine The Dollar Figure Increase Each School Would Use.

702.00	New Estimated Adjusted State Average
x .08	Estimated Growth Factor
<hr/>	
56.16	Increase For All Schools

CHART 15  
SAMPLE WORKSHEET FOR EXPENDITURES

1 Expenditure Classification	2 1968-69 Actual	3 1969-70 Proposed	4 Dollar Increase or Decrease	5 Percent of Increase
REIMBURSABLE				
Administration 10000-12999				
Instruction 20000-29999				
Other Education 30000-31999				
Transportation 32000-32999				
Fixed Charges 35000-35999				
Operation & Maint. 40000-49999				
Community Service 60000-69999				
Capital Outlay 70000-74999				
Debt Service 75000-75999				
Title I or III ESEA (I* _____)				
Tuition Paid to Other Districts				
NON-REIMBURSABLE				
Other School Serv. 50000-59999				
TOTALS				

\*1 This is the total proposed for Title I or III ESEA projects. Amounts listed here, not covered by a like receipt, will be a general fund expenditure to the board. Code numbers assigned funds designated to this category should be related to the services listed above with a letter affixed for identification purposes and kept as a separate ledger account (Example: 20122R Elementary Reading Teacher, Title I).

CHART 16  
SUGGESTED CALENDAR

January - March

Prepare a tentative proposed budget

June 15 - 20

Close books

June 10 - 25 (June 25 Deadline)

File official budget with Secretary

July 1 (on or before)

- a. Fix date for public hearing
- b. Publish budget estimates

July 15 (on or before)

- a. Adopt and certify budget estimates with copies to county auditor, county superintendent, School Budget Review Committee and school
- b. Secretary's Annual Report to State Department of Public Instruction



FINANCIAL DATA\*<sup>1</sup>

1. The school district's contribution to the county basic equalization fund was 1967-68 \_\_\_\_\_, 1968-69 \_\_\_\_\_, 1969-70 (Proposed) \_\_\_\_\_.
2. The school district received from the county basic equalization fund 1967-68 \_\_\_\_\_, 1968-69 \_\_\_\_\_, 1969-70 (Proposed) \_\_\_\_\_.
3. The projected average daily membership figures used were in 1966-67 \_\_\_\_\_, 1967-68 \_\_\_\_\_, 1968-69 \_\_\_\_\_.
4. The actual average daily membership figures used and shown in the Secretary's Annual Report were 1966-67 \_\_\_\_\_, 1967-68 \_\_\_\_\_, 1968-69 \_\_\_\_\_.
5. The district's "askings" from the county basic equalization fund were 1967-68 \_\_\_\_\_, 1968-69 \_\_\_\_\_, 1969-70 (Proposed) \_\_\_\_\_.
6. The proposed budget expended in 1966-67 \_\_\_\_\_, 1967-68 \_\_\_\_\_, 1968-69 \_\_\_\_\_.
7. The unexpended balance of the proposed budget in 1966-67 \_\_\_\_\_, 1967-68 \_\_\_\_\_, 1968-69 \_\_\_\_\_.
8. The school district's contribution to the 40% income tax refunded was 1967-68 \_\_\_\_\_, 1968-69 \_\_\_\_\_, 1969-70 \_\_\_\_\_.
9. The school district received from income tax 1967-68 \_\_\_\_\_, 1968-69 \_\_\_\_\_, 1969-70 \_\_\_\_\_.
10. If the district was over the allowable growth limit on submitting the 1967-68 proposed budget, how much of the total proposed budget reimbursable expenditures were not used \_\_\_\_\_.

<sup>1</sup>  
\* This form and the type of information encompassed is included only to show the kind of summary data that may be required if a hearing is requested for consideration of funds above the adjusted state average. It is not to be filled out at this time.

11. If the allowable growth factor were estimated at .08 for 1969-70 and using the projected enrollment figure anticipated askings, how much would again be over and have to be included in the uniform county basic equalization levy? \_\_\_\_\_
12. Has the school district used unencumbered balance to reduce tax askings in 1966-67 (amt.) \_\_\_\_\_ 1967-68 (amt.) \_\_\_\_\_ 1968-69 (amt.) \_\_\_\_\_
13. The school district's effort for uniform county millage and local millage for 1967-68 \_\_\_\_\_, 1968-69 \_\_\_\_\_,
14. The assessed valuation for the school district for the years 1966-67 \_\_\_\_\_, 1967-68 \_\_\_\_\_, 1968-69 \_\_\_\_\_.
15. The assessed valuation per child in ADM for 1966-67 \_\_\_\_\_, 1967-68 \_\_\_\_\_, 1968-69 \_\_\_\_\_.
16. The wealth factor for the school district was 1966-67 \_\_\_\_\_, 1967-68 \_\_\_\_\_.
17. The additional total dollars contributed from local district millage was in 1967-68 \_\_\_\_\_, 1968-69 \_\_\_\_\_.
18. The schoolhouse levy for 1966-67 \_\_\_\_\_, 1967-68 \_\_\_\_\_, 1968-69 \_\_\_\_\_.
19. Other levies in the school district have been
- |         |         |            |      |            |
|---------|---------|------------|------|------------|
| 1966-67 | 2½ mill | (yes) (no) | site | (yes) (no) |
| 1967-68 | 2½ mill | (yes) (no) | site | (yes) (no) |
| 1968-69 | 2½ mill | (yes) (no) | site | (yes) (no) |
20. The fall enrollments for the school district 1966-67 \_\_\_\_\_, 1967-68 \_\_\_\_\_, 1968-69 \_\_\_\_\_.

#### OTHER STATISTICAL DATA

21. The number of centers in use \_\_\_\_\_. Names \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

22. The number of square miles in the school district \_\_\_\_\_.
23. Has a bond issue for new construction been passed?
- a. 1967-68 (yes) (no), if yes Amt. (\$ \_\_\_\_\_)  
What was being constructed? \_\_\_\_\_
  - b. 1968-69 (yes) (no), if yes Amt. (\$ \_\_\_\_\_)  
What was being constructed? \_\_\_\_\_
  - c. 1969-70 (yes) (no), if yes Amt. (\$ \_\_\_\_\_)  
What was being constructed? \_\_\_\_\_
  - d. 1969-70 (yes) (no), if yes Amt. (\$ \_\_\_\_\_)  
What is planned for construction? \_\_\_\_\_
24. The approximate percentage of enrollment transported \_\_\_\_\_.
25. Board meetings are held (monthly) (bi-monthly).
26. Is the school district undergoing any reorganization study (yes) (no). If yes, underline most appropriate. (District needs to merge with others to provide a more adequate program) (District at present is satisfactory, but should offer its potential to assist others). Other \_\_\_\_\_
27. County services are administered by a (single county), (multi-county), (both).
28. Special education classes are financed by (county funds), (local district), (both).
29. Special education classes are administered by (county), (multi-county), (local district).
30. Special education classes are provided for (elementary students), (junior high students), (senior high students).
31. Local district furnishes transportation costs to special education classes (yes) (no). Local district furnishes lunches and transportation for special education students to another center (yes) (no).
32. The local school district organization is (K-6-6), (K-6-2-4), (K-8-4), (K-6-3-3). Other (\_\_\_\_\_) (\_\_\_\_\_) (\_\_\_\_\_).
33. Number of class periods in school day \_\_\_\_\_. Average length of periods \_\_\_\_\_. If flexible scheduling is used, it may be reported as an

unusual or innovative project.

34. The school day runs from \_\_\_\_\_ to \_\_\_\_\_.
35. The number of credits offered excluding music and physical education during  
1967-68 school year \_\_\_\_\_, 1968-69 \_\_\_\_\_, 1969-70 \_\_\_\_\_.  
(A credit is a semester's work in a subject area, a unit is two credits.)
36. The maximum credits given towards graduation for music (\_\_\_\_\_), physical  
education (\_\_\_\_\_) and drivers education (\_\_\_\_\_).
37. The number of classes enrolling ten or less students. \_\_\_\_\_
38. The following plan has been adopted for kindergarten classes (half day  
sessions), (all day sessions every day), (all day sessions every other day),  
(half day second semester only), (full day second semester only) and (Other  
\_\_\_\_\_).
39. A school nurse is on full-time duty. (yes) (no)
40. Are shared-time students regularly enrolled? (yes) (no) If yes, average  
number of students \_\_\_\_\_, and average number of periods \_\_\_\_\_.
41. The number of full-time employees. \_\_\_\_\_  
Number of certified employees. \_\_\_\_\_  
Number of non-certified employees. \_\_\_\_\_
42. A salary schedule is provided. (yes) (no)  
For non-certified personnel. (yes) (no)
43. The base salary for teachers in 1967-68 \_\_\_\_\_. Fringe benefits  
amount to \$\_\_\_\_\_. Other \_\_\_\_\_.  
1968-69 \_\_\_\_\_, fringe benefits \$\_\_\_\_\_, other \_\_\_\_\_.  
1969-70 \_\_\_\_\_, fringe benefits \$\_\_\_\_\_, other \_\_\_\_\_.
44. Check by filling in the number of administrative or supervisory positions  
which are filled:  
Principals (Elementary) ( ) Junior High ( ) Secondary ( )  
Librarian (Elementary) ( ) Junior High ( ) Secondary ( )

Counselor (Elementary) ( ) Junior High ( ) Secondary ( )

Audio-visual or Media Director ( ) Curriculum Director ( ) Assistant

Superintendent ( ) Business Manager ( ). Other \_\_\_\_\_

45. Using the same instructions as on 44 for non-certified full time personnel:  
school lunch ( ), secretarial ( ), other ( ). Other \_\_\_\_\_

46. Pupil-teacher ratio. (Only those teachers assigned to classroom instruction)  
Senior high grades 10-12 ( ) to ( ).  
Junior high grades 7-9 ( ) to ( ).  
Elementary grades K-6 ( ) to ( ).

47. Did the school district participate in:

(Title I ESEA), (Title III ESEA), (Title III NDEA), (Title VI ESEA), other

( ) in 1968-69, if underlined list amounts budgeted for

each \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

1969-70 \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

48. Does the school district prepare within its own boundaries a news instrument  
to local school patrons? (yes) (no) If yes, number of issues yearly. \_\_\_\_\_

49. Teachers regular contracts are (180) (190) ( ) days.

50. Are funds budgeted for in-service training of staff? (yes) (no) If yes,  
state briefly what is considered and amounts allocated. \_\_\_\_\_

51. Is merit pay being studied? (yes) (no) Are extended contracts used?  
(none) (some) (many)



## POSSIBLE UNUSUAL CIRCUMSTANCE SITUATIONS\*<sup>1</sup>

1. An unusual transportation problem which would increase costs more than normal. Example: (1) district closed centers which were costly to operate, thus more transporting, (2) parochial enrollment increase, etc.
2. A school district that has in general kept pace with normal building needs, suddenly finds a consolidation or unforeseen increase in enrollment, causing an extra demand for equipping spaces above and beyond any available bonding capacity.
3. Federal funds have purposely encouraged innovative practices. Through this encouragement and the efforts of an energetic staff, some effective innovative programs have developed. Where this situation has occurred and has involved extra costs, provide a resume of the objectives and costs incurred.
4. Some districts have experienced weak administration over a period of time which resulted in the need for an extreme rebuilding program in both curriculum and facilities. In order to assist, usually the new administrator and new board, with the extra expenditure involved make a thorough explanation and a case to justify going above the allowable growth.
5. Special staffing problems may result when an unscheduled influx of students may have become a part of the school organization. The usual allowance provided by the use of increased enrollment figures may not be sufficient to cope with this situation. Show by using past, present, and future enrollment to justify the extra staff and material needed for instruction. Care should be taken to show clearly this is not reducing the pupil-teacher ratio below what would be normal for the state or the particular school system.
6. A pupil-teacher ratio spread may have increased because of the lack of building facilities. Rather than providing increased staff and materials for instruction at this time a district may have waited until new facilities are available. To restore the ratio spread to a normal one for the school and near the state average may be an excessive expenditure to a district. Provide the information necessary to substantiate this situation.
7. Disaster in the form of external forces, such as wind, fire and internal, such as explosions of boilers or other strategic equipment failures, may be unusual for the district. Disaster fund accounting recommended should be followed and when final adjustments must be made they may be considered for use in applying to go above the allowable growth.
8. It is expected that special allowances can be given districts reorganizing to have time to consolidate their different expenditures. Adjustments to committed expenditure for staff and bringing in added services now feasible because of the reorganization may be more than the amounts gained by consolidating instructional materials or desirable staff loads.

\*<sup>1</sup> It is possible that one or more of these situations might be developed through preparation of substantiating data to use at the School Budget Review hearing and if approved, would qualify for state aid above the allowable growth.

9. Errors may easily create an unusual situation. Errors in estimating equalization aid have become evident. Some were corrected prior to setting the levy. Those that were not may of necessity be a situation which can be adjusted. The supporting data should be submitted.
10. Due to use of complex formulas either through intent or misunderstanding certain conditions now affect the district which should be considered for allowance above the allotted growth factor. Explain these situations by having the comparisons necessary to justify as an unusual circumstance.



State of Iowa  
DEPARTMENT OF PUBLIC INSTRUCTION  
Paul F. Johnston, Superintendent  
Des Moines, Iowa 50319

SUPPLEMENT TO  
"SUGGESTIONS FOR BUDGET PREPARATION"

As was mentioned in the "Suggestions for Budget Preparation" brochure sent earlier, a supplement would follow when the legislative session ended. To facilitate mailing, two copies are included and it is hoped that the superintendents will forward the additional copy to the board secretary. The following items are changes being reported due to legislation or to new areas of concern which have been detected in budget preparation.

1. Budgetary Procedures for H.F. 686 Unchanged This Year

Since the first session of the legislature has not acted on the Budget Review Committee's recommendations, they will be carried over into the second legislative session in 1970. It will be necessary for school officials to prepare budgets in the same way as in the past year. Again, attention should be directed to a careful reading of the present aid law. It should be understood that the Committee may review all budgets of schools over the state adjusted average established as per Chapter 365, Subsection 5 of Section 2. It should also be understood that limitations may start from the adjusted state average if the Committee desires to use this as an initial point since this figure does contain the allowable growth for all districts.

2. Changes to Public Law 874 (Impacted Areas)

A recent change to the Iowa statutes has been made to provide the necessary authorization to allow P.L. 874 federal funds to become a part of a school district's receipts but not to the point of reducing their opportunities for participating in state equalization aid.

The code number assigned to this designation is 01310 and this total will not be deducted from reimbursable expenditures when computing actual state equalization claims. The amount under this code number is not to be deducted prior to figuring proposed reimbursable expenditures per pupil which are being used to determine a district's eligibility to their proportionate share of state equalization funds.

3. Special Education Programs Have Changed Status

The new law (S.F. 409) adds to the original statute requirements for minimum standards and now school districts must provide special education for eligible handicapped and disadvantaged students at all levels. This has implications for those responsible for developing the school budget. A variety of decisions must be made, and it will be advisable that an adopted plan be pre-



pared. This plan should serve to outline the obligations to which each district may subscribe and be written and signed by designed representatives of all concerned. A copy of the agreement will then be made available to the School Budget Review Committee so that these expenditures may be evaluated along with general fund budgets.

If ADM is to be claimed for special education students, it must be clearly shown that the school district is sponsoring and operating the program with other agencies or school districts contributing through tuition or grants. State special education aid will also have to be paid to the operating districts and receipts to show these properly recorded to the district's credit. The budgets of the above mentioned districts expecting to claim ADM and ultimately state equalization aid funds should show the expenditures they will have in carrying out the complete program. Certain items such as tuition from other districts, special education state aid and assistance from the county boards will be showing as balancing receipts. The above sentence cancels a statement made in Item 5, Page 5 of the original brochure regarding the use of a clearing account procedure for this phase of school financial accounting. The need to have the expenditures in total per pupil costs and also the difficulty of allotting anticipated equalization aid to the operating district would preclude its being handled as a clearing account. The decisions regarding all special education programs should be made at local levels with assistance from the county boards of education.

Some guidelines for developing the plan to be used for a given county system are listed as an attached section. The obligations and agreements should be fully understood by all cooperating units and the final draft governing the operation should contain the signature of those entering into the agreement. This plan will be submitted to the State Board of Public Instruction for final approval.

4. Separate Vocational Aid As A Receipt Category

Most school districts receive a separate check each year from the State Department of Public Instruction as a credit to their expenditures in vocational education. The funds are contributed by programs both federal and state on a matching basis and are sent in one check. These funds should not be included in receipts indicating federal assistance given to ESEA or NDEA projects.

Since the above vocational education aid actual total is known by the State Comptroller, it can be corrected and the possibility for any over or under estimate in receipts can be eliminated. If these receipts are combined with other federal funds, they will also be deducted in their prescribed line item classification and this extra deduction would ultimately lower a district's claim. The error would also inflate income from other sources and thus reduce tax askings and have a final effect in lowering the secretary's balance.

5. Disaster Fund Accounting Procedures Changed

Floods in some areas have been the cause for districts to be recipients of federal funds to cover costs. The regular disaster procedure for coding and handling outlined in 768-699AF July 1968 prepared by the Department of Public Instruction is to be considered obsolete. It is necessary that the expenditures and receipts be summarized at the end of a given school year and as such they should not be handled as a clearing account,



A careful study of this new law in conjunction with Section 257.25 and Chapters 281 and 28E, Code of Iowa, 1966, should be a consideration of county and city superintendents in all county or merged county systems. Budgeting for next years expenditures and the preparation of plans to adequately handle all special service programs should be considered.

In view of the increased emphasis that will be directed to special education programs, there is a concern on the part of schools regarding the assignment of ADM figures since this is the basis for computing state equalization aid. It must be remembered that in a program funded and operated by the county board of education, the counting of ADM is not permissible to any school participating in this program. Under the law, it is quite evident that the determining factor on counting of ADM depends entirely on who operates the program.

Exerpts from the following letter explain in detail the two possible alternatives in providing such a program:

1. When a special education program is operated by the county board of education at no expense to the local school districts where the pupils reside, excess cost reimbursement under Section 281.9, would be made to the county board of education operating the program. However, pupils in special education would not be counted as members of any school in their district of residence for purposes of state aid under Chapter 356, Acts of the 62nd General Assembly, for the reason that they are not enrolled in the schools of such district. The county board of education cannot claim aid under Chapter 356 for the reason that it is not a high school district and state aid under said Chapter is restricted to high school districts.
2. Where, under a cooperative arrangement, the county board of education furnishes support for a special education program operated by one local school district, to which pupils are sent without cost by other school districts, reference should be made to Section 257.25, Code of Iowa, and to Senate File 409, 63rd G.A. Senate File 409 requires provision for special education facilities to be made by all school districts for elementary school pupils. Section 257.25, Code 1966, already made such requirements for high schools. Both authorize sharing of such facilities by public schools, of powers by public agencies, also provides a vehicle whereby an agreement as to what each cooperating school district and county boards of education will do in the course of the "co-operation". Where the facility is actually operated by a local school district which is a high school district, pupils who reside in another district and attend the facility may be counted in membership, by the district which operates it, for purposes of Chapter 356, 62nd G.A.

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