

# Budget for Accounting Staff



## TODAY'S PRESENTERS

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# Topics to Cover



- **Budget Basics**
- **School District Funding**
- **Governance**
- **Budgeting Process**
- **Budgeting Issues**
- **Kahoot.it**

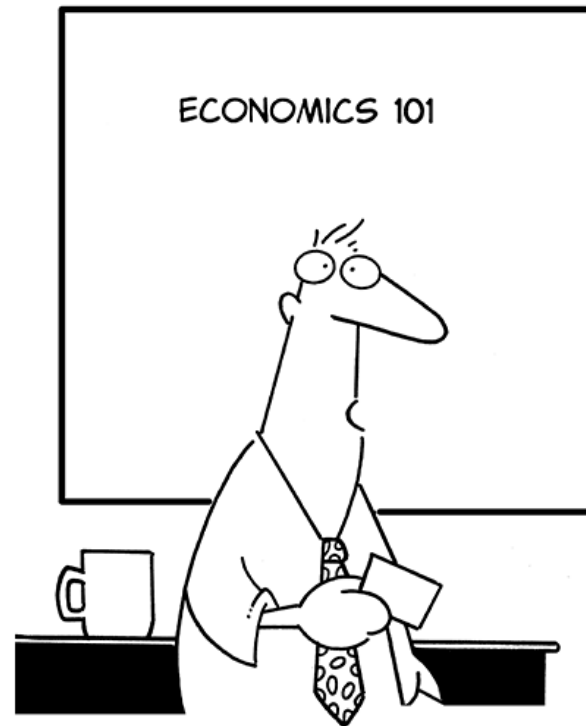


# Budget Basics

# Budget Basics

## What is a budget?

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**“Lesson 1: Don’t spend more than you earn.  
Lesson 2: Don’t spend more than you earn.  
Lesson 3: Don’t spend more than you earn.  
Lesson 4: Don’t spend more than you earn.  
Lesson 5: Don’t spend more than you earn.”**

# Budget Basics

## What is a budget?

- A budget is an estimate of the operational expenses for the coming year.
- It is based on actual expenses of previous years, with a + or - factor for the coming year.
- It provides a preview of the coming year's expenses.
- It is prepared each year for the next year's twelve-month period.
- Expenses must be listed by account and classification and should be scheduled on a monthly and an annual basis.

# Budget Basics

## Adopting and amending the budget

- Management and local school board follow the process established by Florida Statutes to prepare and approve the annual budget which is then submitted to the Commissioner of Education.
- "It's clearly a budget. It's got a lot of numbers in it."  
— George W. Bush
- "A budget tells us what we can't afford, but it doesn't keep us from buying it."  
— William Feather



# School District Funding

# School District Funding

- In 1973 the Florida Legislature enacted the Florida Education Finance Program (FEFP) to guarantee to each student in the Florida public education system the availability of programs and services appropriate to his or her educational needs.
- To equalize educational opportunities, the FEFP formula recognizes: (1) varying local property tax bases; (2) varying education program costs; (3) varying costs of living; and (4) varying costs due to sparsity and dispersion of the student population.

# School District Funding

- FEFP is the foundation for financing Florida's K-12 educational programs
- Florida school districts in 2011-12 received 38% of their financial support from state sources, 49% percent from local sources (including the Required Local Effort portion of the FEFP) and 13% percent from federal sources.
- State funds – Legislative appropriations (primarily from 6% sales tax).

# School District Funding

- Local support - derived almost entirely from property taxes levied by Florida's 67 counties, each of which constitutes a school district
- The FEFP is calculated five times throughout the year to arrive at each year's final appropriation.



# Governance

# Governance

## Florida Statutes - Title XLVIII K-20 Education Code (Ch. 1000-1013)

- Chapter 1001 K-20 GOVERNANCE
  - Part I: STATE-LEVEL GOVERNANCE (ss. 1001.01-1001.29)
  - Part II: SCHOOL DISTRICT GOVERNANCE (ss. 1001.30-1001.54)
  - Part III: FLORIDA COLLEGE SYSTEM INSTITUTIONS (ss. 1001.60-1001.65)
  - Part IV: STATE UNIVERSITIES (ss. 1001.70-1001.92)

# Governance

## Florida Statutes - Title XLVIII K-20 Education Code (Ch. 1000-1013)

- Chapter 1011 PLANNING AND BUDGETING
  - Part I: PREPARATION, ADOPTION, AND IMPLEMENTATION OF BUDGETS (ss. 1011.01-1011.57)
  - Part II: FUNDING FOR SCHOOL DISTRICTS (ss. 1011.60-1011.77)
  - Part III: FUNDING FOR WORKFORCE EDUCATION (ss. 1011.80, 1011.801)
  - Part IV: FUNDING FOR FLORIDA COLLEGE SYSTEM INSTITUTIONS (ss. 1011.81-1011.86)
  - Part V: FUNDING FOR UNIVERSITIES (ss. 1011.90-1011.94)

# Governance



- The Bureau of Budget Management under the Deputy Commissioner, Finance and Operations provides for the development and use of strategic management information for the preparation of long and short-range plans, budgets for public schools, community colleges, colleges and universities, and related education activities.



# Budgeting Process

# School District Summary Budget

- Adopted budget submitted to FL DOE (within 3 days).
- <http://www.fldoe.org/finance/fl-edu-finance-program-fefp/school-dis-summary-budget.shtml>
- Budget document provides:
  - Millage levies
  - Estimated revenues by federal, state and local sources
  - Estimated expenditures detailed by function and object.
- Displayed by fund type.
- Governed by Sections 200.065, 1011.01(3), and 1011.64, Florida Statutes; SBE Rule 6A-1.0071, Florida Administrative Code (FAC).

FILE: 62.349  
COMPILE DATE: 10/01/15  
COMPILE TIME: 16.30.59

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RUN DATE: 12/21/15  
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FISCAL YEAR: 2015-16      DISTRICT: 46 OKALOOSA

PART I. ESTIMATED REVENUES

REVENUE SOURCE	ACCOUNT NUMBER	ESTIMATED AMOUNT
FEDERAL DIRECT:		
Federal Impact, Current Operations	3121	2,735,873.00
Reserve Officers Training Corps (ROTC)	3191	300,000.00
Miscellaneous Federal Direct	3199	675,360.00
TOTAL FEDERAL DIRECT	3100	3,711,233.00
FEDERAL THROUGH STATE & LOCAL:		
Medicaid	3202	500,000.00
Miscellaneous Federal Through State	3299	75,000.00
TOTAL FEDERAL THROUGH STATE & LOCAL	3200	575,000.00
STATE:		
Florida Education Finance Program (FEFP)	3310	92,175,879.00
Workforce Development	3315	2,205,403.00
CO&DS Withheld for Admin. Expenditure	3323	17,000.00
State License Tax	3343	40,000.00
District Discretionary Lottery Funds	3344	107,128.00
Class Size Reduction Operating Funds	3355	32,846,696.00
Florida School Recognition Funds	3361	2,052,628.00
Voluntary Prekindergarten Program	3371	435,067.34
Other Miscellaneous State Revenues	3399	22,888.00
TOTAL STATE	3300	129,902,689.34
LOCAL:		
District School Taxes	3411	89,523,362.15
Tax Redemptions	3421	150,000.00
Rent	3425	4,463.20
Investment Income	3430	240,000.00
Postsecondary Career Cert. and Appl. Tec	3462	310,000.00
Postsecondary Lab Fees	3465	18,000.00
Financial Aid Fees	3468	2,868.86
School-Age Child Care Fees	3473	1,565,350.00
Miscellaneous Local Sources	3490	3,538,085.84
TOTAL LOCAL	3400	95,352,130.05
TOTAL ESTIMATED REVENUES		229,541,052.39
OTHER FINANCING SOURCES:		
Loss Recoveries	3740	13,128.74
TRANSFERS IN:		
From Capital Projects Funds	3630	12,005,346.00
TOTAL TRANSFERS IN	3600	12,005,346.00
TOTAL OTHER FINANCING SOURCES		12,018,474.74
FUND BALANCE (JULY 1, 2015)	2800	51,326,770.33
TOTAL ESTIMATED REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE		292,886,297.46

# Budgeting Process

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.
- Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued.
- Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations. However certain state categorical funds and other designated projects carry forward.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.
- Budgets are typically prepared using one of three methods: Centralized, decentralized, or hybrid (combination of the two)



# Budgeting Issues

# Budgeting Issues

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**“I found room in the budget to update your office equipment. Would you rather have a box of paperclips or a new pencil?”**

# Budget Transparency

- Section 1011.035, Florida Statutes states that budget transparency is important.
- Each school board is required to post a plain language version of its budget on its website.
- Each school board is also encouraged to post other information such as:
  - Significant contracts
  - Recommendations of citizens budget advisory committee
  - Video recordings of budget workshops
- Financial statement auditors attest to this.

# Budgeting for Contingencies

- Section 1011.051, Florida Statutes sets guidelines for maintaining sufficient fund balance.
- If assigned and unassigned fund balance combined falls below:
  - 3% of projected general fund revenues – Superintendent shall provide written notification to Board and Commissioner
  - 2% of projected general fund revenues – Commissioner shall determine if the district has a reasonable plan to avoid financial emergency.
- Senate President Don Gaetz’s advice to a much younger Alan Jowers. (recurring/nonrecurring)

# Potential Budget Pitfalls

- Budget prepared based solely on historical costs and not actual expectations for the new year
- Expense classification manipulation to keep expenses under budget line item
- Budget adjustments made without proper levels of approval (i.e. management, board, etc.)
- Budget line items added to “Pad the budget”
- Federal expenses not listed/approved under project award notification (federal budget)
- Capitalized assets not coded correctly to identify capital expenses per budget when required



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