

Advanced Budgeting

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Overview

- ▶ Budgeting Facts
- ▶ Budget Cycle
- ▶ Allocation Formulas
- ▶ Trim Compliance
- ▶ Financial Reporting

Budgeting Facts

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Budgeting Facts

▶ Site-Based Budgeting for the schools

- ▶ Principals and Bookkeepers are responsible for preparation and maintenance of the budget. This increases budgetary responsibility for the schools
- ▶ This also offers a better allocation of resources, increased participation, and increased accountability

▶ Zero Based Budgeting for Departments

- ▶ Program activity and services must be justified during the annual budget development process
- ▶ Department Directors and Managers present a plan or request for their individual cost center
- ▶ Concentrates resources where they are most effective by eliminating outdated efforts and expenditures

Manatee County District Facts

- ▶ 47,700 FTE (Full Time Equivalent)
 - ▶ 33 Elementary Schools
 - ▶ 10 Middle Schools
 - ▶ 6 High Schools
 - ▶ 1 Alternative School
 - ▶ 12 Charter Schools
 - ▶ 11 Contracted Sites

- ▶ JD Edwards is our business software

Budgeting Facts

- ▶ Models are created using Microsoft Excel
 - ▶ Overall Cost Model for the Schools
 - ▶ Formula Based Allocations
- ▶ Use average salaries at the schools
 - ▶ Teacher - \$49,000
 - ▶ Guidance Counselor - \$58,000
 - ▶ Teacher's Assistant - \$24,000
 - ▶ Teacher's Aide - \$19,000

Budget Cycle

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Budget Cycle

- ▶ Budget Timeline runs from November through October
 - ▶ November
 - ▶ Budget Department reviews general timeline and consults with stakeholders to finalize the timeline for the upcoming Fiscal Year
 - ▶ Form and meet with Citizens' Budget Committee to identify community priorities
 - ▶ December
 - ▶ Enrollment/FTE Projections
 - ▶ Timeline is posted to Website for the community to view

Budget Cycle

- ▶ January
 - ▶ Review and adjust allocation formulas
 - ▶ Prepare Zero Based Budget Templates for the Departments
 - ▶ Begin Budget Prep process in the system
- ▶ February
 - ▶ Draft Budget Manual
 - ▶ Allocation Specialist prepares allocation sheets for schools
 - ▶ Departments receive Zero Based Budget Templates
 - ▶ Begin Revenue Budget Planning

Budget Cycle

▶ March

- ▶ Legislative session begins
- ▶ Meet with Departments - zero based budget requests
- ▶ Budget Manual is completed
- ▶ Review existing rates and revise if necessary
- ▶ Staff Allocation packets are given to the Principals
- ▶ Budget training for the Bookkeepers
- ▶ Utility and other miscellaneous allocations due to the Budget Department

Budget Cycle

- ▶ April
 - ▶ Allocation Specialist enters department and school staffing into position control
 - ▶ Work with Departments regarding changes to their Zero Based Budget plans
 - ▶ Work with Schools and Human resources on Reappointments and any vacancies
 - ▶ Title 1 and IDEA Grant planning

Budget Cycle

▶ May

- ▶ Adjust positions to match site models
- ▶ Receive Preliminary revenue figures from DOE
- ▶ Review and make necessary changes
- ▶ Produce a line item Budget to the Board once conference report is posted by the legislature
- ▶ Adjust Charter School and Contracted site information in the system

▶ June

- ▶ Receive Tax Roll Estimate from the Tax Assessor for planning purposes

Budget Cycle

▶ July

- ▶ Receive the Certificate of Taxable Value from the Tax Assessor
- ▶ Prepare TRIM notice
- ▶ Board approval to advertise the tentative budget
- ▶ Budget Advertisement runs in the newspaper
- ▶ Tentative Budget is approved by the Board
- ▶ Calculate carry forward balances
- ▶ File DR 420S

Budget Cycle

▶ August

- ▶ Work with schools to adjust enrolment for the 10 day count

▶ September/October

- ▶ Complete the 10 day Budget Reallocation
- ▶ Conduct 2nd Public Hearing for the Final Budget Book and the Board adopts the Budget
- ▶ Forward Final items to the Department of Revenue and Department of Education - School District Summary Budget

School District Summary Budget

- ▶ The Florida Department of Education lists the School District Summary budget as the adopted budget that is submitted to the Department by the school districts in Florida (ESE 524)
- ▶ Includes
 - ▶ millage levies
 - ▶ estimated revenues detailed by federal, state, and local sources
 - ▶ estimated expenditures detailed by function (the purpose of an expenditure) and object (what was purchased or the service obtained)
 - ▶ data is displayed by fund type, including general fund, special revenue funds, debt service funds, capital projects funds, permanent fund, enterprise funds, and internal service funds

Allocation Formulas

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Allocation Formulas

- ▶ Classroom Teachers (Basic & 111, 112 & 113)
 - ▶ K-3 18:1
 - ▶ 4-5 22:1
 - ▶ 6-8 22:1
 - ▶ 9-12 25:1

ESE and ESOL Teachers are placed according to need.

Florida Education Finance Program (FEFP)

- ▶ Examples of these include:
 - ▶ ESE Guaranteed Allocation
 - ▶ Supplemental Academic Instruction
 - ▶ Reading Allocation
 - ▶ DJJ Supplemental Allocation

Other School Allocations

- ▶ Speech and Language Therapists
- ▶ Psychologists
- ▶ Social Workers
- ▶ Itinerant Teachers if applicable
- ▶ Nurses/LPN's
- ▶ Custodians
- ▶ Office Personnel

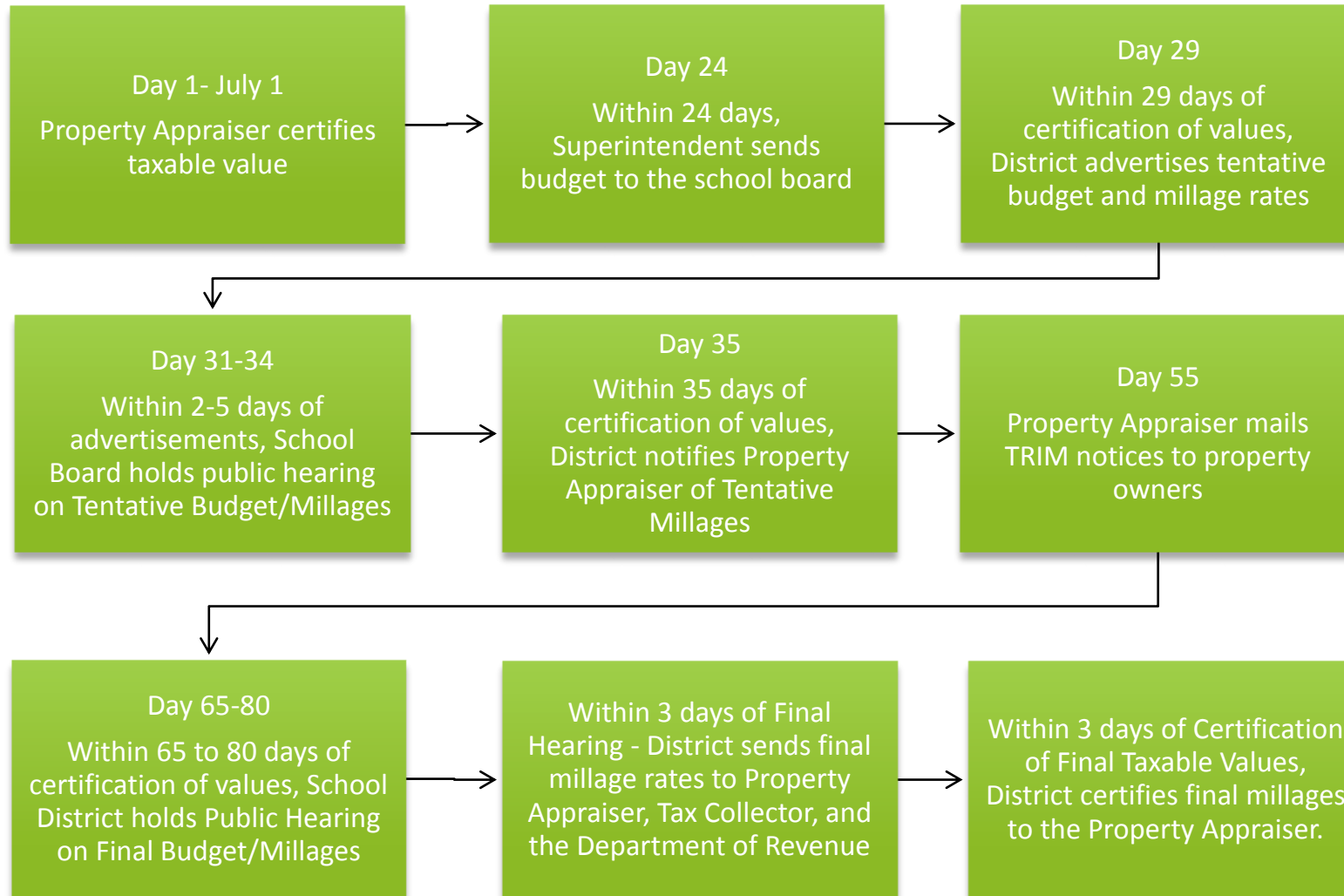
TRIM Compliance (Truth in Millage)

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TRIM Compliance (Truth in Millage)

- ▶ TRIM Compliance (Truth in Millage)
- ▶ <http://dor.myflorida.com/dor/property/trim/>
 - ▶ TRIM Training
 - ▶ Manual for School Districts
 - ▶ Workbook for School Districts
 - ▶ Forms

Timetable



Advertisements

- ▶ Notice of Proposed Tax Increase
- ▶ Notice of Budget Hearing
- ▶ Notice of Tax for School Capital Outlay
- ▶ Budget Summary

Advertisements

- ▶ Specific Requirements- See TRIM Manual
 - ▶ Content
 - ▶ Layout
 - ▶ Size, Placement, Font
 - ▶ Timeframe
 - ▶ Within 2-5 days of advertisements, School Board holds public hearing on Tentative Budget/Millages

Hearing Requirements - As stated in the TRIM Manual

- **Must Discuss**
 - Percentage increase in millage over the rolled-back rate necessary to fund the budget, if any.
 - Specific purposes for which ad valorem tax revenues are increasing.
- **Hear Public Comments**
- **Adopt the millage first. Adopt the budget second (s. 200.065(2)(e) 1., F.S.).**
- **Calculate the ad valorem proceeds using at least 96% of the current year gross taxable value (s. 200.065(2)(a) 1., F.S.).**

Hearing Requirements - As stated in the TRIM Manual

- The taxing authority must **adopt the millage rate and the budget by separate votes** at the final hearing.
 - It will adopt the millage rate first by resolution or ordinance, which must state the adopted millage rate and the percent, if any, by which it exceeds the rolled-back rate (s. 200.065(2)(e) 1., (s. 200.065(2)(d)., F.S.)
- The **millage rate adopted at the final budget hearing cannot be higher than the rate tentatively adopted at the first hearing** unless, before the final hearing, the taxing authority sends each taxpayer a revised notice of proposed property taxes. The property appraiser prepares the notice at the expense of the school district and mails it at least 10 days, but not more than 15 days, before the final hearing (s. 200.065(2)(d), F.S.).

Requirements for Certification of Compliance

- ▶ All school districts must submit the TRIM compliance package to the Department of Revenue within **30 days** following the final budget hearing (s.200.068, F.S.).
- ▶ Include the following required items with form DR-487, Certificate of Compliance:
 - ▶ Certification of Taxable Value, form DR-420S
 - ▶ Certification of Voted Debt Millage, form DR-420DEBT, if applicable
 - ▶ Resolution/ordinance adopting the millage (form ESE 524) (adopt the millage rate first)
 - ▶ Resolution/ordinance adopting the budget (do not send the entire budget)
 - ▶ Entire (pages) from the newspaper for all TRIM advertisements
 - ▶ Proof of publication for each TRIM advertisement from the newspaper

Requirements for Certification of Compliance

- ▶ Advertisements and proof of publication
 - ▶ Budget Summary advertisement
 - ▶ Notice of Proposed Tax Increase or Notice of Budget Hearing advertisement
 - ▶ Notice of Tax for School Capital Outlay advertisement
 - ▶ Amended Notice of Tax for School Capital Outlay advertisement (if applicable)
 - ▶ A copy of the Certification of Final Taxable Value, form DR-422

Property Taxes

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Property Tax Terminology

- ▶ Ad Valorem - taxes based on property value (sometimes referred to as property taxes)
- ▶ Millage Rate - The amount per \$1,000 that is used to calculate taxes on property.
- ▶ Assessed Value (just value) - Total value of property
- ▶ Exemption - Amount determined by state law to be deducted from assessed value (example: Homestead)
- ▶ Taxable Value - Assessed value less any exemptions

EXAMPLE Millage Levies

Last year's property tax levy

A. Initially proposed tax levy	206,065,858.00
B. Less tax reductions due to Value Adjustment Board and other assessment changes.	<u>33,691.00</u>
C. Actual property tax levy	206,032,167.00
This year's proposed tax levy	<u>221,796,582.00</u>

A portion of the tax levy is required under state law in order for the school board to receive **\$ 167,757,435** in state education grants. The required portion has **increased by 4.37 %** percent, and represents approximately **seven-tenths** of the total proposed taxes

Current Year State Law (RLE)	5.0190
Current Year Local Board	2.2480
TOTAL	7.2670

Current Year State Law (RLE) RBR	4.8087
Current Year Local Board RBR	2.1080
TOTAL	6.9167

RLR = Required Local Effort

RBR = Rolled-Back Rate

EXAMPLE Millage Levies

Gross Taxable Value			
	<u>2014-15</u>	<u>2015-16</u>	<u>Increase/(Decrease)</u>
	\$ 27,937,345,188.00	\$ 30,521,065,411.00	9.25%

Millage Levies			
	<u>2014-15 Millage Rate</u>	<u>2015-16 Millage Rate</u>	<u>Increase/(Decrease)</u>
By State Law			
Required Local Effort (RLE)	5.1240	5.0180	(0.1060)
Prior Year RLE Adjustment	0.0040	0.0100	0.0060
Subtotal - State	5.1280	5.0280	(0.1000)
By Local Board			
Discretionary Operating	0.748	0.748	0.0000
Critical Operating Needs	0	0	0.0000
Local Capital Improvement	1.5	1.5	0.0000
Critical Capital Outlay Needs	0	0	0.0000
Subtotal - Local	2.248	2.248	0.0000
TOTAL MILLAGE	7.3760	7.2760	(0.1000)
Note: The Millage Rate Reflects the amount of Taxes per \$1,000 of Taxable Value			

EXAMPLE Ad Valorem Tax Revenue

Gross Taxable Value			
	2014-15	2015-16	Increase/(Decrease)
	\$ 27,937,345,188	\$ 30,521,065,411	\$ 2,583,720,223
Millage Revenue			
	2014-15 Millage	2015-16 Millage	Increase/(Decrease)
By State Law	Rate	Rate	
Required Local Effort (RLE)	\$ 137,424,918	\$ 147,028,518	\$ 9,603,600
Prior Year RLE Adjustment	\$ 107,279	\$ 293,002	\$ 185,723
Subtotal - State	\$ 137,532,198	\$ 147,321,520	\$ 9,789,322
By Local Board			
Discretionary Operating	\$ 20,061,249	\$ 21,916,567	\$ 1,855,318
Critical Operating Needs	\$ -	\$ -	\$ -
Local Capital Improvement	\$ 40,229,777	\$ 43,950,334	\$ 3,720,557
Critical Capital Outlay Needs	\$ -	\$ -	\$ -
Subtotal - Local	\$ 60,291,026	\$ 65,866,901	\$ 5,575,875
TOTAL MILLAGE	\$ 197,823,224	\$ 213,188,421	\$ 15,365,197
Note: The Millage Rate Reflects the amount of Taxes per \$1,000 of Taxable Value			

EXAMPLE Impact of Millage Levies on Property Owners (No Increase in Assessed Value)

	2014-15 Tax Year		2015-16 Tax Year	
				Sample Home With No Increase In Assessed Value
Assessed Value		\$ 150,000.00		\$ 150,000.00
Homestead Exemption		\$ (25,000.00)		\$ (25,000.00)
Taxable Value		<u>\$ 125,000.00</u>		<u>\$ 125,000.00</u>
By State Law	Millage	Taxes	Millage	Taxes
Required Local Effort (RLE)	5.1240	\$ 640.50	5.0180	\$ 627.25
Prior Year RLE Adjustment	0.0040	\$ 0.50	0.0100	\$ 1.25
Subtotal - State	5.1280	\$ 641.00	5.0190	\$ 628.50
By Local Board				
Discretionary Operating	0.748	\$ 93.50	0.748	\$ 93.50
Critical Operating Needs	0	\$ -	0	\$ -
Local Capital Improvement	1.5	\$ 187.50	1.5	\$ 187.50
Critical Capital Outlay Needs	0	\$ -	0	\$ -
Subtotal - Local	2.248	\$ 281.00	2.248	\$ 281.00
TOTAL MILLAGE	7.3760	\$ 922.00	7.2670	\$ 909.50
Decrease from prior year due to decrease in millage rates				\$ (12.50)

EXAMPLE Impact of Millage Levies on Property Owners (3% Increase in Assessed Value)

	2014-15 Tax Year		2015-16 Tax Year	
				Sample Home With No Increase In Assessed Value
	Sample Home			
Assessed Value	\$	150,000.00	\$	154,500.00
Homestead Exemption	\$	(25,000.00)	\$	(25,000.00)
Taxable Value	\$	<u>125,000.00</u>	\$	<u>129,500.00</u>
By State Law	Millage	Taxes	Millage	Taxes
Required Local Effort (RLE)	5.1240	\$ 640.50	5.0180	\$ 649.83
Prior Year RLE Adjustment	0.0040	\$ 0.50	0.0100	\$ 1.30
Subtotal - State	5.1280	\$ 641.00	5.0190	\$ 651.13
By Local Board				
Discretionary Operating	0.748	\$ 93.50	0.748	\$ 96.87
Critical Operating Needs	0	\$ -	0	\$ -
Local Capital Improvement	1.5	\$ 187.50	1.5	\$ 194.25
Critical Capital Outlay Needs	0	\$ -	0	\$ -
Subtotal - Local	2.248	\$ 281.00	2.248	\$ 291.12
TOTAL MILLAGE	7.3760	\$ 922.00	7.2670	\$ 942.24
	Increase from prior year due to increase in assessed value			\$ 20.24

Resources

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Florida Department of Education - Funding and Financial Reporting

ESSENTIAL RESOURCES FOR BUDGET DEVELOPMENT

- ▶ <http://www.fldoe.org/finance/fl-edu-finance-program-fefp/>
 - ▶ OFFR FEFP (Florida Education Finance Program) Calculations
 - ▶ Funding for Florida School Districts
 - ▶ Charter School Revenue Estimation Worksheet

Questions

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Sources

- ▶ Ellerson, N. (n.d.). School Budgets 101. American Association of School Administrators, 1-6. Retrieved from http://www.aasa.org/uploadedFiles/Policy_and_Advocacy/files/SchoolBudgetBriefFINAL.pdf
- ▶ Johnson, F. (2003). Financial Accounting for State and Local School Systems: Chapter 3, Budgeting. Retrieved June 9, 2015, from https://nces.ed.gov/pubs2004/h2r2/ch_3.asp
- ▶ GASB Concepts Statement No. 1
Objectives of Financial Reporting
Effective date: None stated
(May 1987)
- ▶ FLDOE.org