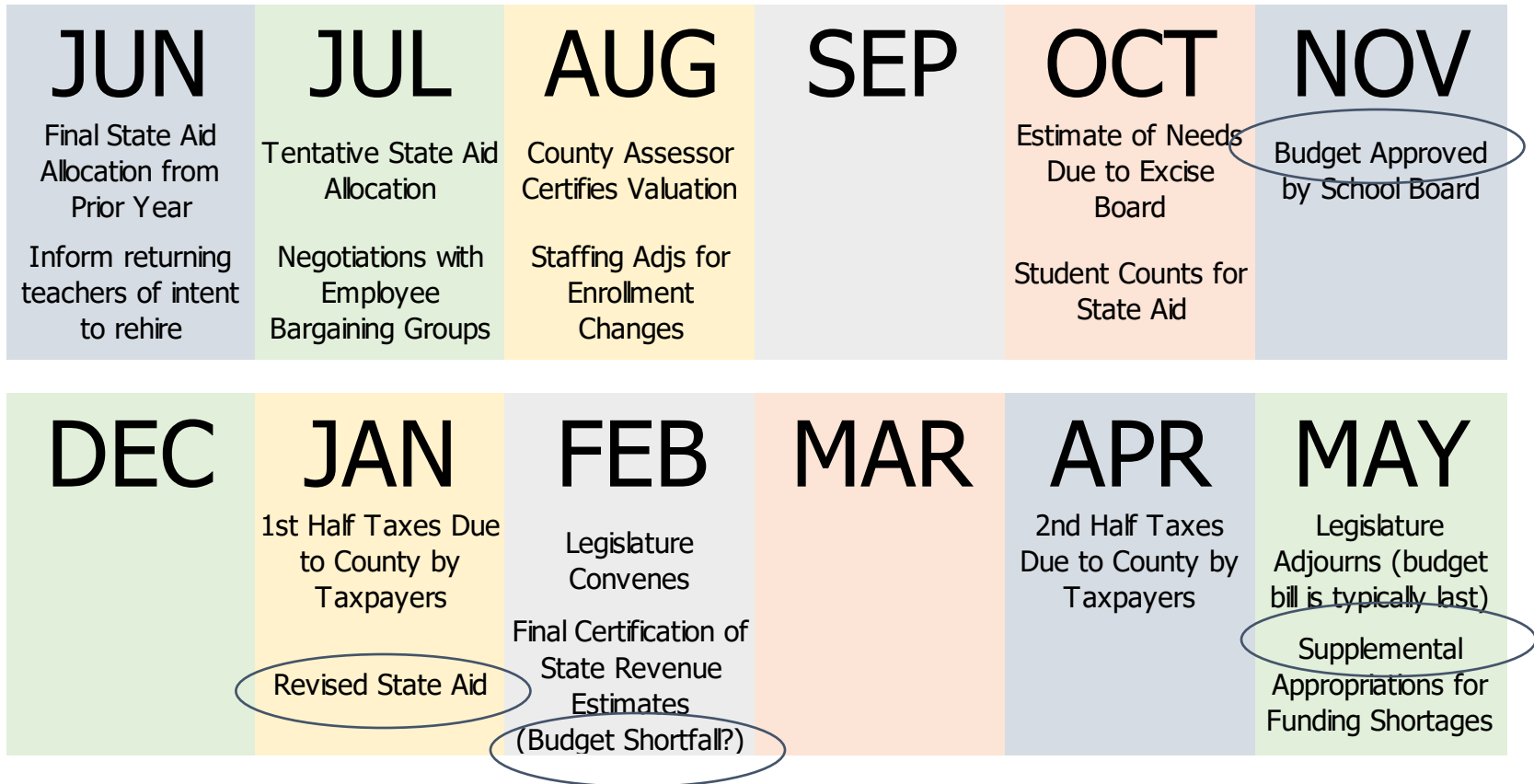




SCHOOL FINANCE 101

Prepared by Brenda R. Burkett, CPA, SFO
Chief Financial Officer
4/30/21

Budget and Funding Timeline



Note: School District Budget Act (Norman uses) establishes Budget July 1...and there is no Est of Needs in Oct. School Board approves budget amendments throughout the year as needed.



Fund Balance

- What is a fund balance?

Fund balance is the “unencumbered” or “available” balance of funds at the end of a fiscal year. This is also referred to as a “carryover” or “surplus.”

- Why is a fund balance necessary?

1. To pay operating expenses during the first half of the year before the majority of ad valorem taxes are collected.
2. To meet any unanticipated expenses.
3. To help fund future budgets if planned expenditures exceed anticipated revenues (e.g. funding cliff when one-time revenue sources are not replaced or operating expenses are anticipated to increase for reasons such as a new school opening).

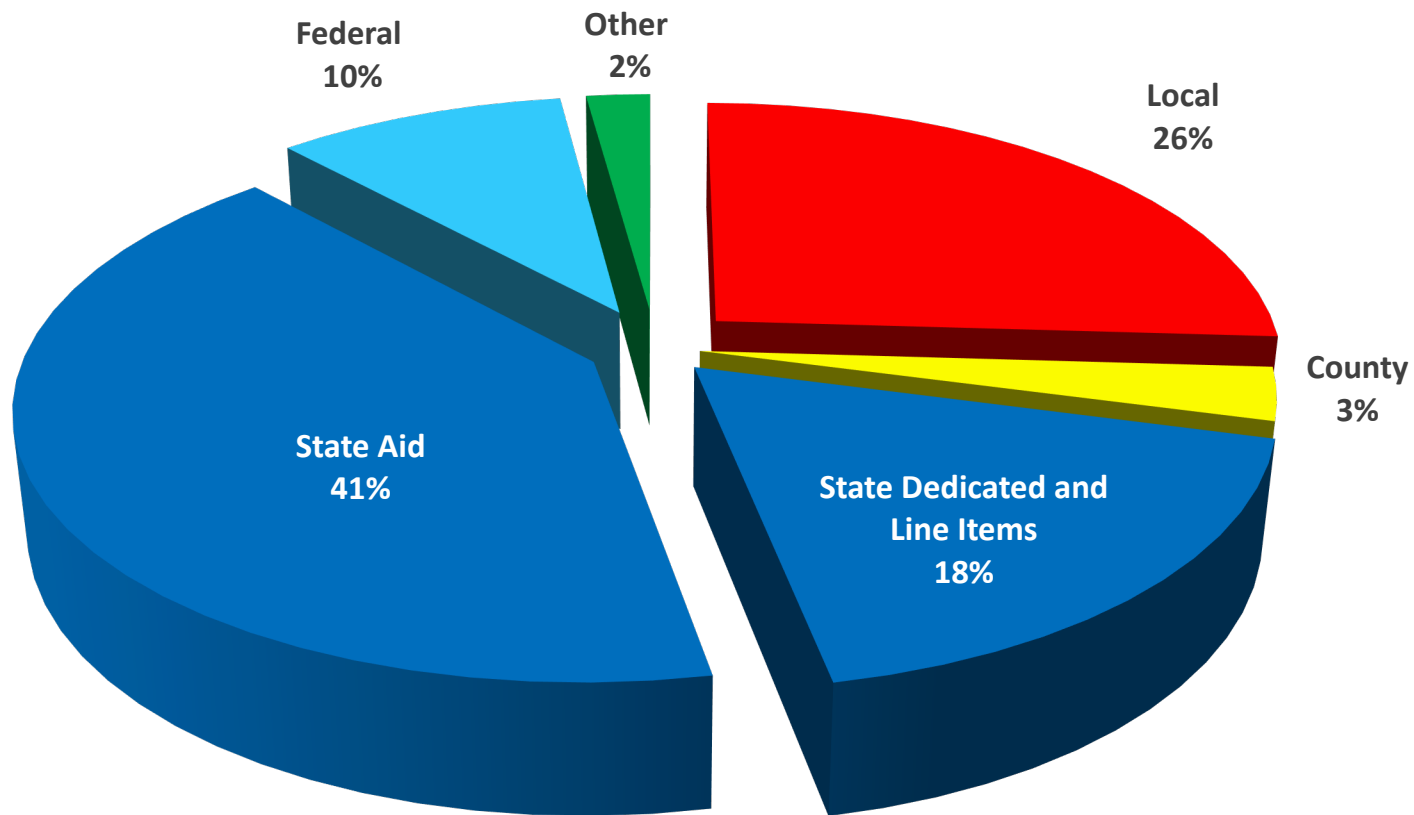


Funding Sources/Uses

Fund	Primary Revenue Sources	Primary Allowable Uses
General Fund	Local & county taxes, state aid, dedicated state revenue, federal program reimb, other reimb	Payroll, transportation expense, supplies, materials, furniture, equipment, textbooks, general operating expenses
Building Fund	Local & county taxes	Repair & maintenance of facilities, furniture, equipment, utilities, custodial
Child Nutrition Fund	Student & staff lunch purchases, state & federal reimbursements	Food, payroll, supplies & equipment
Bond Funds	Sale of bonds after voter approval	Construction projects, furniture, equip., uniforms, textbooks, school buses, etc.
Activity Funds	Student activities, fundraisers, vending commissions, donations	Student activities, supplies, materials, equipment, refreshments
Sinking Fund	Local taxes after voter approval of bonds	Bond principal and interest payments
Gift Fund	Restricted grants from private sources	As specified in grant
Sanctioned Parent Groups (not District money)	Fundraisers, donations, dues	Support of student and school activities (wider latitude than activity fund)



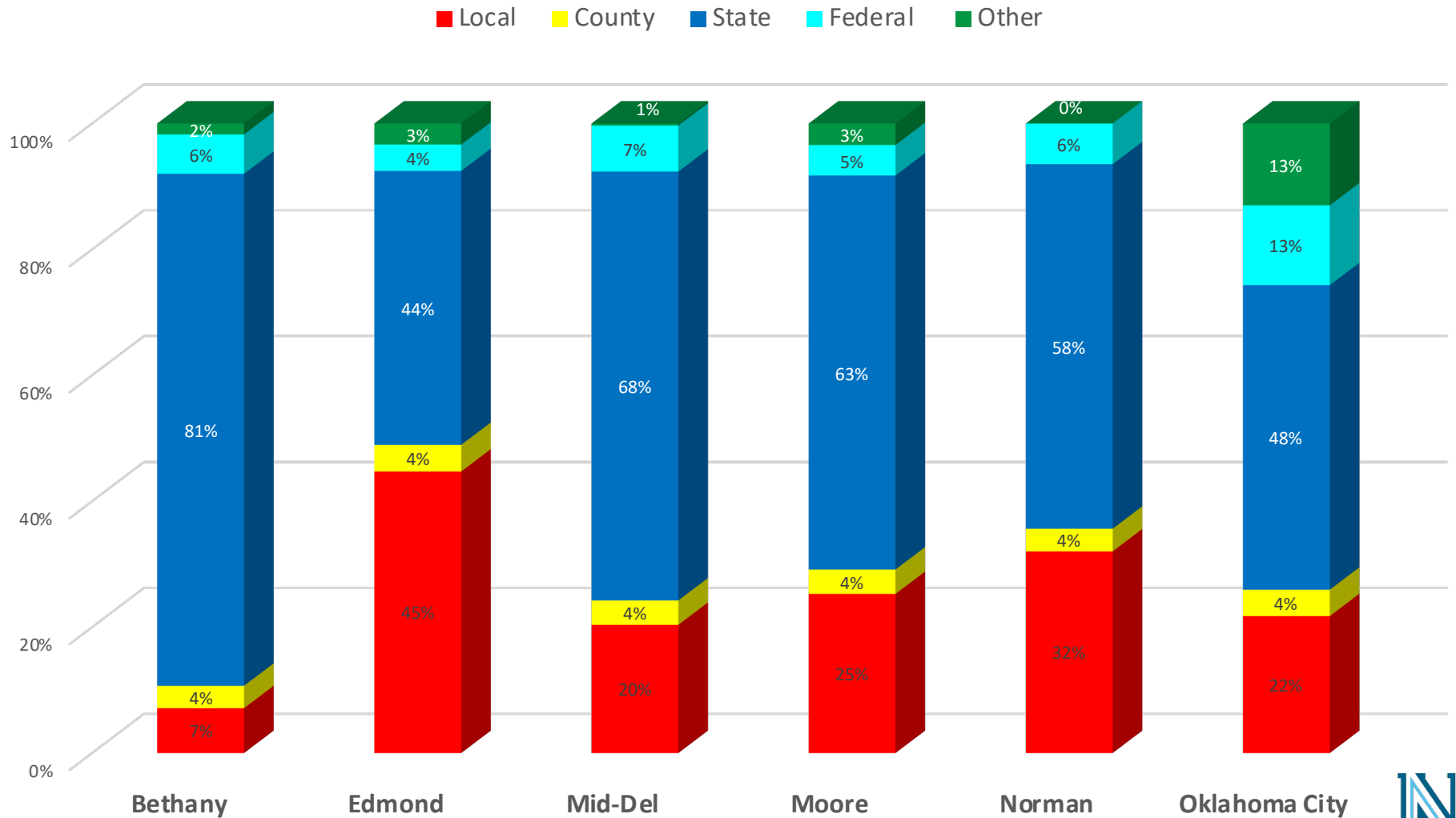
Sources of Revenue General Fund*



*Statewide All Districts General Fund 2019-20 from SDE transparency website.
Includes return of assets; does not include fund balance forward.



Sources of General Fund Revenue Select Metro-area Districts



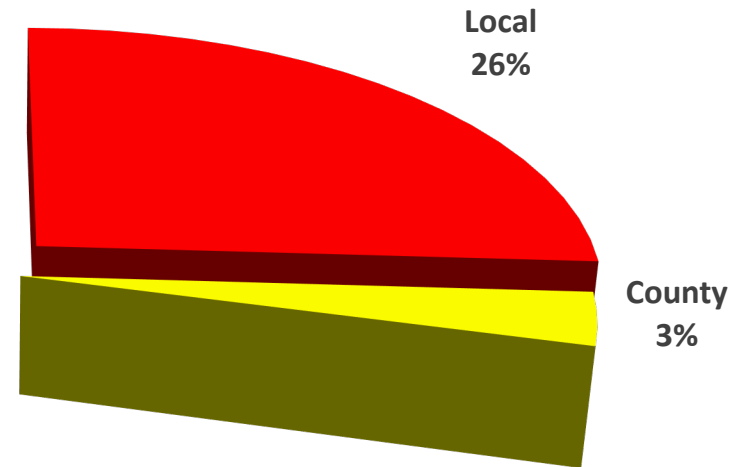
Sources of Revenue General Fund*

Local + County (29% combined)

- Primarily property taxes

Also includes:

- Investment Income, Rental Income
- Local Grants/Partnerships



*Statewide All Districts General Fund 2019-20.



Ad Valorem Taxes

EXAMPLE:

Property Market Value	\$ 100,000
Assessment Ratio	11%
Assessed Valuation	11,000
Less Homestead Exemption	(1,000)
Net Assessed (Taxable) Value	10,000
Mill Levy (1/10 th of a cent)	117.95
Total Tax	\$ 1,179.50



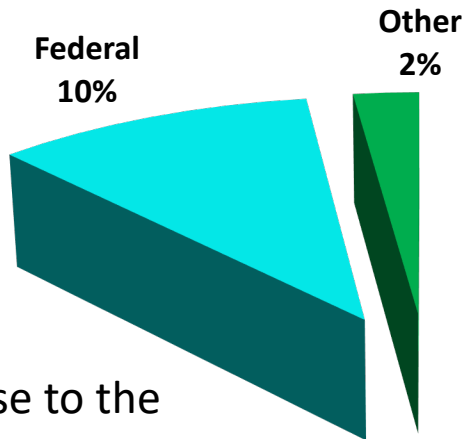
Ad Valorem Taxes - \$10,000 Taxable Value

EXAMPLE (cont):

Entity	Mills	Tax
School District:		
General Fund	35.88	\$358.80
Building Fund	5.12	51.20
Sinking Fund	25.75	257.50
Total School District	66.75	\$667.50
County-wide School	4.11	41.10
Vo-tech	15.38	153.80
City-county Health	2.57	25.70
County	10.28	102.80
City	12.75	127.50
Metro Library	6.11	61.10
Total	117.95	\$1,179.50



Sources of Revenue General Fund*



Federal

- CARES funding in response to the COVID-19 pandemic.
- Two additional federal allocations intended for preparing, preventing and responding to COVID-19 are expected in FY21 and FY22.
- Title I (Every Student Succeeds Act)
- IDEA (Special Ed)

Other

- Reimbursements/Transfers from other funds:
 - Activity fund for lost books, parking fees, etc
 - Payroll, postage, printing reimbursements

*Statewide All Districts General Fund 2019-20.



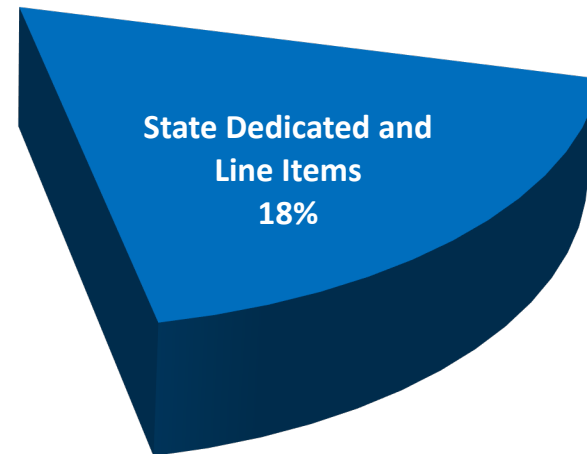
Sources of Revenue General Fund*

State Dedicated

- Gross production tax
- Motor vehicle tax
- School land earnings
- Rural electric cooperative tax

State Line Items

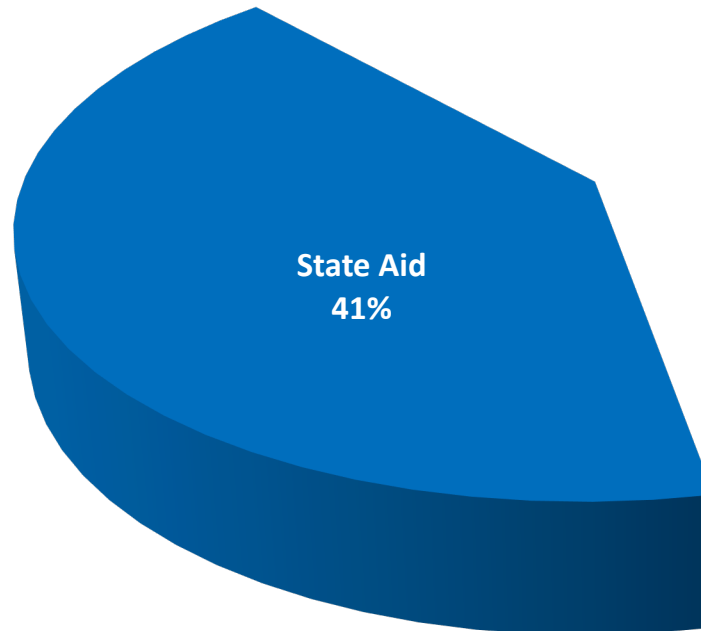
- Textbook allocation
- Employee health insurance
- Specific state programs and reform measures



Sources of Revenue General Fund*

State Aid

- Formula funding based on number of students



*Statewide All Districts General Fund 2019-20.



State Aid Funding Formula

Legislative Intent

- Recognize that cost of providing education varies with students and districts
- Based on student membership and characteristics
- Attempt to equalize revenue among districts through “chargeables”
- Perfect equalization would produce same revenue per weighted student in every district



State Aid Calculation:

Weighted Average Daily Membership (WADM)

- ADM (child count for days enrolled)
- Pupil Grade Level Weight
- Pupil Category Weight (special ed, gifted, free/reduced)
- District Calculation (for small or isolated districts)
- Teacher Index (for districts whose avg teacher is > the state average-based on college degree and years of experience)

x State Aid Factor \$3,390.18 (factor as of April 2021)

+ Transportation Supplement

(Average Daily Haul x \$33.00 per capita x \$1.39 factor)

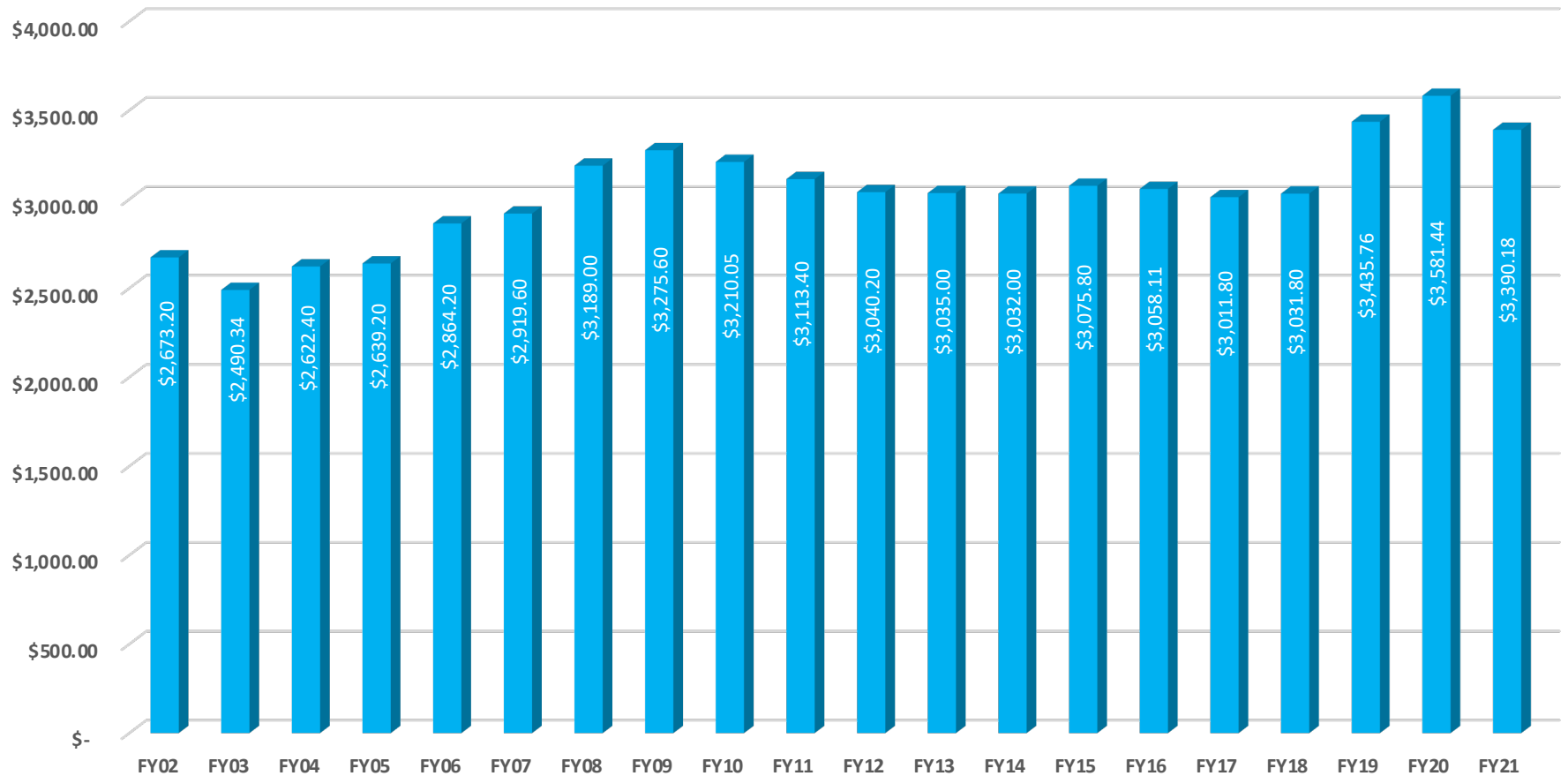
Less - Chargeables

- Local Ad Valorem
- County 4-mill (75%)
- Gross production tax
- Motor vehicle tax
- School land earnings
- Rural electric cooperative tax



State Aid Formula

Amount per weighted student



4/13/2021



COVID - 19:

Impact on Education

- March 2020 – OK State Board of Education voted for school buildings to be closed to students and the public; districts moved to remote learning for remainder of 2019-20 school year.
- NPS financial resources were used to purchase additional sanitization supplies, disinfection equipment, PPE, temperature monitoring devices, and social-distance barriers.
- NPS financial resources were used to secure technology items that were needed to implement district-wide remote learning.
- Continued Child Nutrition feeding program for all families during Pandemic with flexible Federal guidelines in place.
- Federal funds for COVID–19 relief became available to schools June 2020.
- School Year 2020-21 – NPS accommodating families' choice for traditional, blended, or remote learning options.



Teacher Recruitment and Retention

- **Emergency Teacher Certifications Issued by OK**

- 2011-12 = 32

- 2012-13 = 98

- 2013-14 = 189

- 2014-15 = 506

- 2015-16 = 1,063

- 2016-17 = 1,160

- 2017-18 = 1,429

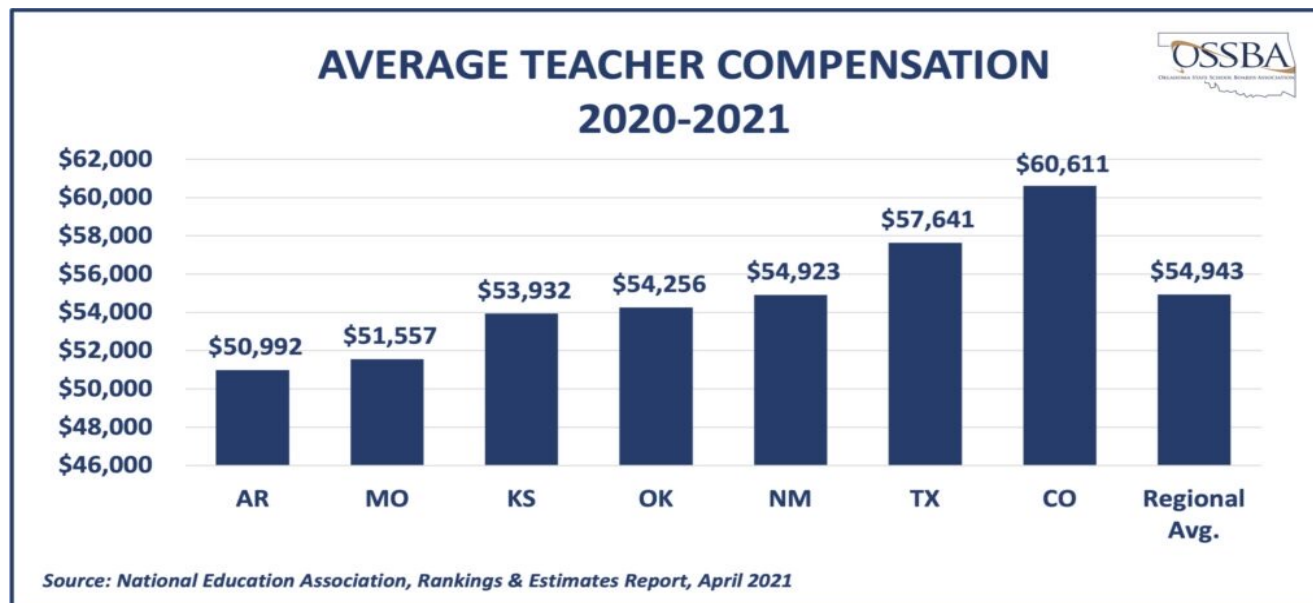
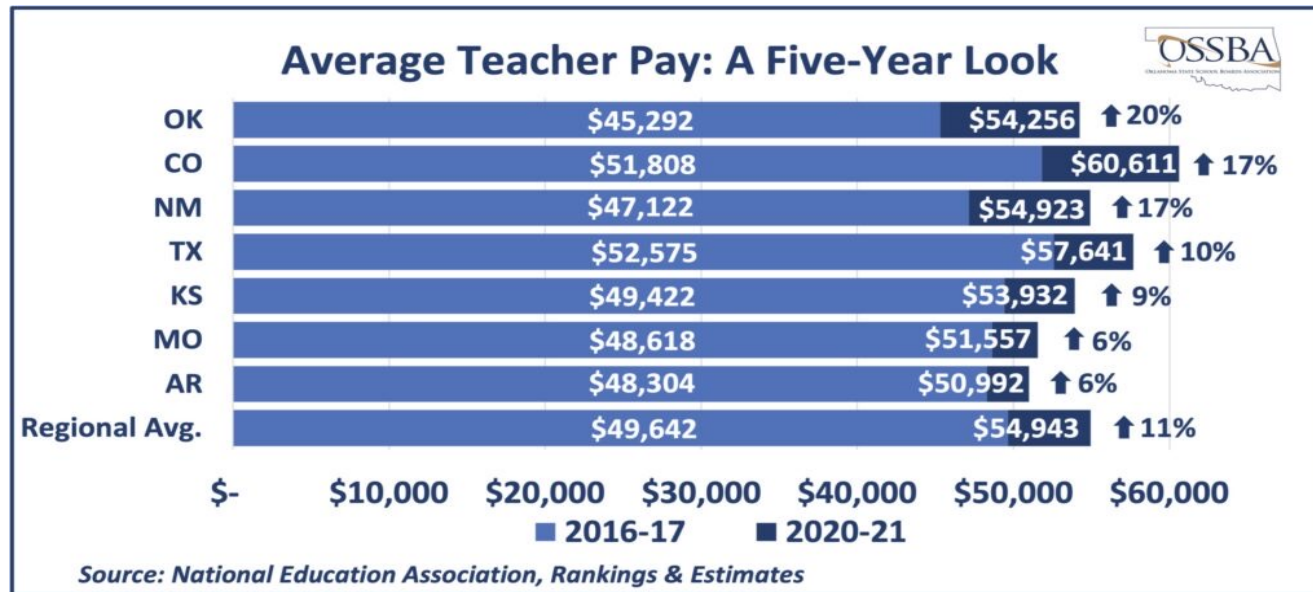
- 2018-19 = 3,038

- 2019-20 = 3,321

2020-21 (as of April 2021) = 2,797



Oklahoma's Education Investment Gap



District Revenue Limitations

- Any growth in local taxes is deducted from state aid.
- Any growth in dedicated state revenue (e.g. motor vehicle collections, gross production tax, school land earnings) is deducted from state aid.
- Grants and donations are usually specific in purpose and are not intended for operating expenses.
- Money from other funds (e.g. Building Fund, Child Nutrition Fund, Bond Funds) is restricted in the ways it can be spent.



Expenditures

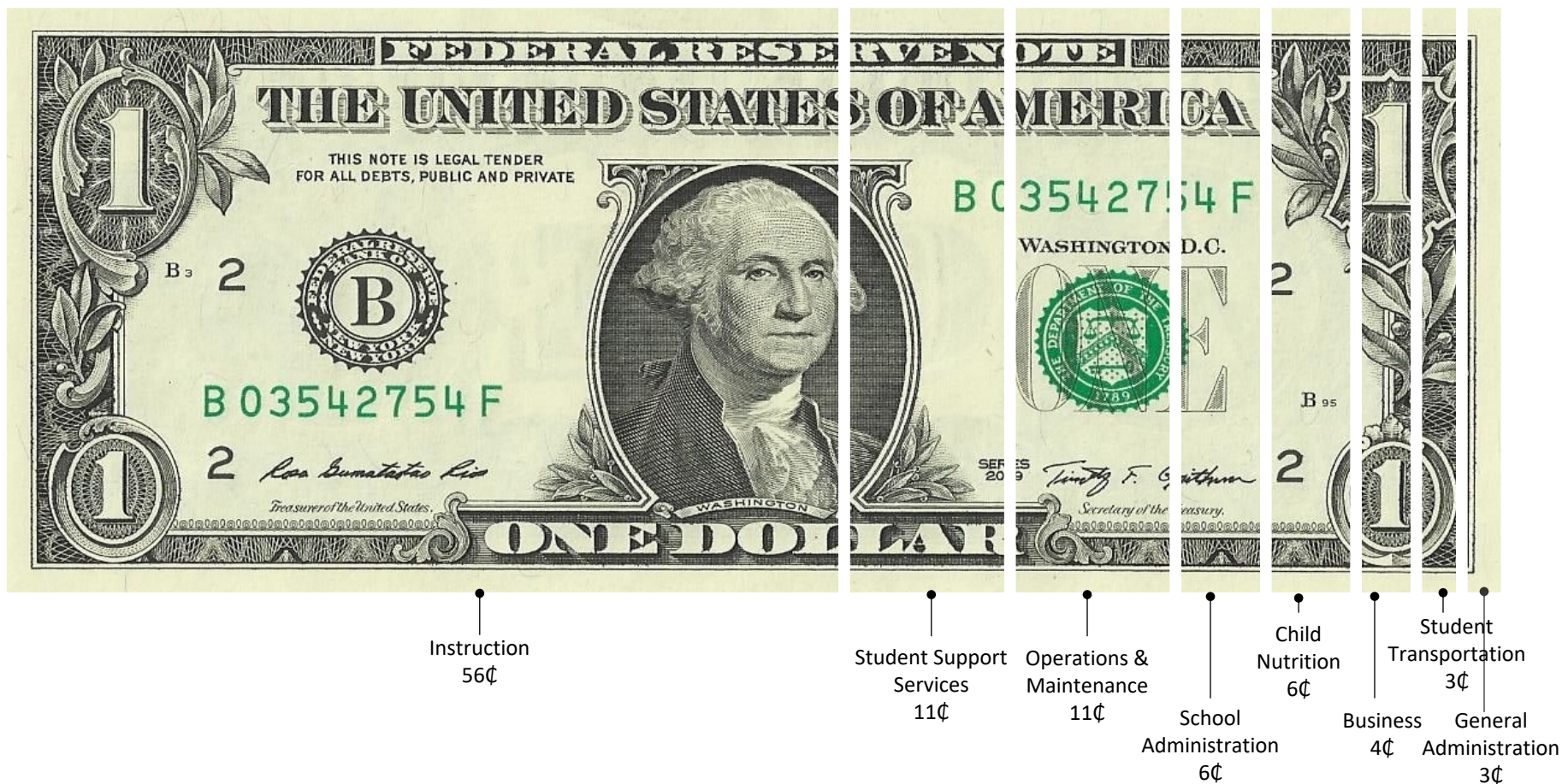
- Budget dollars must be reserved or “encumbered” prior to purchase.
- Legal budget is determined by projected local tax collections plus revenue to be received from state, federal, and other sources plus the beginning fund balance.
- Personnel is a high percentage of total general fund expenditures:

Statewide	82.43%
Bethany	77.08%
Edmond	96.19%
Mid-Del	93.08%
Moore	90.99%
Norman	93.25%

Source: 2019-20 OCAS data, payroll and benefits object codes.



How Each Dollar of the General Fund is Spent



Source: 2019-20 Statewide OCAS Data.



Legal Borrowing Methods

1. Non-payable warrants

- Short-term cash flow solution
- Similar to overdraft protection

2. Lease-purchase agreements

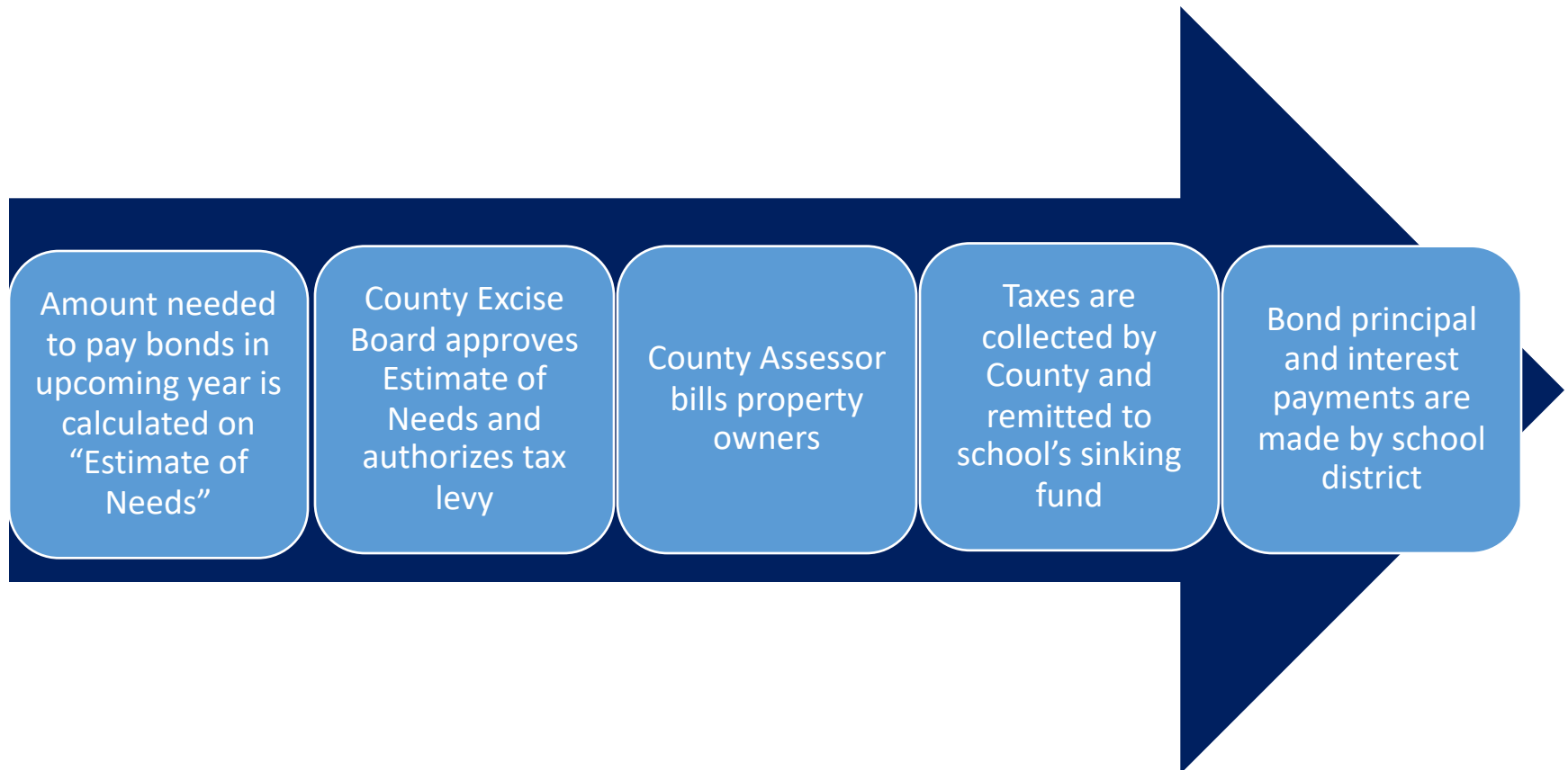
- Lease which transfers ownership of asset at end of term

3. Bonds

- Requires 60% approval by voters
- Restricted to capital expenditures
- At least 85% of proceeds must be spent on the projects listed in the bond resolution approved by voters
- Bond proceeds and interest earnings CANNOT be used to pay salaries, benefits, or related costs



Bond Payments



Resources

Oklahoma State Department of Education Technical Assistance Document

<https://sde.ok.gov/sites/default/files/documents/files/FY%202021%20TAD%20Web%20copy%20%281%29.pdf>

Oklahoma County Assessor website

<http://www.oklahomacounty.org/assessor/>

Oklahoma State Department of Education Transparency Website

https://sdeweb01.sde.ok.gov/OCAS_Reporting/StateReports.aspx



Our Mission:

To prepare and inspire all students to
achieve their full potential

Our Values:

Integrity | Inclusiveness | Collaboration | Optimism





THANK YOU

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Feedback?
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