

SAN SABA ISD

FISCAL AND BUDGETARY STRATEGY

I. PURPOSE

The San Saba Independent School District (the “District”) is committed to sound financial management through integrity, prudent stewardship, planning, accountability, full disclosure and open communication. The purpose of the Fiscal and Budgetary Strategy is to enable the District to achieve and maintain a stable long-term financial condition, provide guidelines for the day-to-day planning and operations of the District’s financial affairs, and communicate the District’s financial practices with stakeholders.

To help maintain the District’s creditworthiness, an established strategy of managing the District’s financial resources is essential and in the District’s best economic interest. The District shall take all practical precautions and proactive measures to avoid any financial decision that will negatively impact the credit ratings on existing or future debt issues.

The scope of the fiscal strategy encompasses accounting and financial reporting, internal controls, operating and capital budgeting, revenue management, investment and asset management, debt management, maintenance of fund balance, and forecasting. This is done in order to:

1. Demonstrate to San Saba ISD taxpayers, citizens, investment community, and bond rating agencies that the District is committed to a system of strong fiscal operations;
2. Provide precedents for future policy-makers and financial managers on common financial goals and strategies;
3. Fairly present and fully disclose the financial position of the District in conformity with generally accepted accounting principles (GAAP); and
4. Demonstrate compliance with finance-related legal and contractual issues in accordance with the Texas Education Code and other legal mandates.

This Fiscal and Budgetary Strategy shall be reviewed and updated as necessary.

The San Saba Independent School District financial statements include the following fund types:

Governmental Funds: **General Fund** accounts for the financial resources of the District and includes transactions as a result of revenues received from local maintenance taxes, foundation entitlements, and other Foundation School Program resources.

Special Revenue Funds account for specific revenues that are legally restricted for specific purposes through federal, state, and local grant programs.

Debt Service Fund accounts for the payment of general long-term debt principal and interest for which a tax has been dedicated.

Capital Project Funds account for the acquisition or construction of major capital facilities that are financed through voter approved debt.

Fiduciary Funds: **Trust and Agency Fund** accounts for assets held by a school district in a trustee capacity or as an agent for student organizations and scholarship funds.

Basis of Accounting and Basis of Budgeting - The District accounts and budgets for all **Governmental Funds** using the modified accrual basis of accounting. This basis means that revenue is recognized in the accounting period in which it becomes available and measurable, while expenditures are recognized in the accounting period in which they are incurred. Because the appropriated budget is used as the basis for control and comparison of budgeted and actual amounts, the basis for preparing the budget is the same as the basis of accounting. Governmental funds would include the District's general, special revenue, debt service, and capital projects funds.

II. OPERATING BUDGET

The budgeting process is an essential element of the financial planning, control and evaluation process of the District. The legal basis for the budget process is established in the Texas Education Code sections 44.002 through 44.006 and local policy.

The operating budget is San Saba Independent School District's annual financial operating plan. The adopted annual budget shall include allocations for all campuses, departments and capital projects.

Strategic Plan – The Long Term Goals and the District Improvement Plan, outlining the basic principals of student achievement, safe, orderly and nurturing schools, and effective and efficient operations, strategically guides the District. Annually, the Board of Trustees reviews the Goals and District Plan and adopts target outcomes to measure the success and progress of the District.

Funding for District programs shall be based upon the objectives contained in the Long Term Goals and the District Improvement Plan and further outlined by Board adopted targets for success.

Preparation – The Texas Education Code requires that the District budget be prepared by a date set by the state board of education, currently August 20th for districts that have August 31st fiscal year end. The code further requires that the president of the Board of Trustees call a public meeting, giving ten days public notice in a newspaper for the adoption of the District budget.

The Board of Trustees must adopt the prepared budget, inclusive of any amendments, no later than August 31st. The officially adopted District budget must be filed with the Texas Education Agency (TEA) through the Public Education Information Management System by the date prescribed annually by TEA.

1. **Proposed Budget** – A proposed budget shall be prepared by the Superintendent and Business Manager with participation of campus and department stakeholders within the provision of the Long Term Goals and the District Improvement Plan and state mandated guidelines for programs.
 - a. The budget shall include four basic segments for review and evaluation:
 - i. Revenues
 - ii. Personnel Costs
 - iii. Operational Costs
 - iv. Capital and other non project costs
 - b. The budget review process will include Board of Trustee participation in the development of each segment, shall allow for citizen participation in the process, and will allow for sufficient time for the Board of Trustees to address the strategic plan and fiscal issues.
 - c. The proposed budget and all preliminary budgetary information will be available on the District's website for public view.
2. **Adoption** – Upon finalization of the budget appropriation, the Board of Trustees will hold a public hearing, and subsequently adopt the final budget as amended. The budget will be effective for the fiscal year beginning September 1st.

3. **Tax Rate Adoption** – The District may not adopt a tax rate until after the District receives the certified appraisal roll as required by Section 26.01 of the Property Tax Code, typically July 25th. In the event that the tax rate exceeds the rate proposed in the District’s notice prepared for the budget hearing or the District’s rollback rate as determined under Section 26.08 of the Property Tax Code, the District must publish a revised notice and hold another public meeting before adopting the tax rate.

Balanced Budget – The goal of the District is to balance the operating budget with current revenues, whereby, current revenues would match and fund on-going expenditures. Excess fund balance in the general operating fund may be used for one time non-recurring expenditures or capital needs.

Excess fund balance is defined as the balance in excess of the optimum fund balance as defined by the Texas Education Agency and calculated annually in conjunction with the District’s annual audit or the cash requirements for three months operating expenditures. Usage of the fund balance shall be approached with caution after careful review of both the optimum fund balance and the cash flow needs of the District for the upcoming three-year period.

Fund Balance Policy - San Saba Independent School District believes that sound financial management principles require that sufficient funds be retained by the ISD to provide a stable financial base at all times. To retain this stable financial base, the ISD needs to maintain a General Fund Balance sufficient to fund all cash flows of the ISD, to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature, and to provide funds for all existing encumbrances and support future plans. Additionally, the San Saba ISD has exercised the strategic planning process to determine long term goals that support the designation and commitment of funds.

It is the policy of San Saba ISD to maintain of twenty-five percent of the ISD’s combined annual operating expenditures as a target. Additionally, it is the policy of San Saba ISD to annually designate funds unused funds to the future and ongoing projects. The current projects include: Technology, Construction, and Maintenance

Planning – The budget process will be coordinated so that major strategic issues are identified prior to the budget approval date. This will allow the Board of Trustees adequate time for consideration of appropriate decisions and analysis of the associated financial impacts.

Reporting – Financial reports will be presented to the Board of Trustees on a quarterly basis. These reports will be in a format appropriate to enable the Board to understand the overall budget and financial status of the District. The report shall include comparative financial statements, investment report, tax collection report, and cash flow position.

Control and Accountability – Each campus and departmental administrator will be responsible for the administration and oversight of their budget which is controlled on an organizational basis. This includes accomplishing the targets adopted as part of the budget and monitoring each department budget for compliance with spending limitations.

Budget Amendments – The District budget shall be amended quarterly or as required by law. The budget must be amended prior to exceeding a functional expenditure category in the total District budget. The Board of Trustees may authorize an amendment to the budget for those items not included in the originally approved budget due to unforeseen circumstances.

III. REVENUE MANAGEMENT

The District will understand its revenue sources and enact consistent policies to provide assurances that the revenue base will materialize according to the budget. Revenues shall be estimated realistically and conservatively taking into account the volatile nature of the various revenue streams.

Revenues shall be monitored as they are received and regularly compared to budgeted revenues and variances will be investigated as they are identified. Any abnormalities shall be included in the quarterly financial report.

State Funding – The District shall ensure that the Weighted Average Daily Attendance (WADA) is maximized by accurately reporting student attendance and shall have processes in place to ensure that special program information is appropriately reflected in the information uploaded to the Public Education Information Management System (PEIMS). Information regarding property value, property tax collections, employee counts and other information required by TEA for the purposes of state funding computation shall be reported within the prescribed timelines.

Property Tax Revenues – All real and business personal property located within the District shall be valued at 100% of fair market value for any given year based upon the current appraisal supplied by the San Saba or Lampasas County Appraisal Districts. Tax collections estimates utilized in the development of the budget will be based upon a prudent analysis of historical collection percentages and the current economic trends.

Current state funding guidelines penalize districts that adopt tax rates below the compressed tax rate. For budgeting purposes, the District will forecast the proposed property tax rate for maintenance and operations (M&O) the greater of the compressed rate, the compressed rate plus four cents (\$.04) or the voter approved rollback rate, not to exceed the current legal limit.

The District shall also consider the interest and sinking (I&S) tax rate in an amount to fund tax supported debt service.

Interest Income – General, debt service, capital projects, food service, and internal service funds shall be invested individually in accordance with the Investment Strategy approved annually by the Board of Trustees. Interest earned from each investment account shall be credited to the fund from which the monies were provided. Currently, the ISD invests its funds in interest bearing bank accounts and certificates of deposit.

User-Based Fees and Service Charges – For services associated with a user fee, such as building usage and instrument rental, the direct or indirect costs of that service will be offset by a fee where possible. The District shall update the usage fee schedule annually to ensure that fees provide adequate coverage for the cost of services.

Intergovernmental Revenues – The District shall carefully analyze grant opportunities to ensure that all grants comply with the overall District mission and strategic plan. All potential grants shall be examined for matching requirements prior to application to ensure that adequate funds are available for matching from the general funds of the District.

Efforts should be made to ensure that grants are self sustaining. However, it must be clearly understood that the operational requirements (on-going costs) set up as a result of a grant program could be discontinued once the terms and conditions of the program have been completed.

IV. EXPENDITURE POLICIES

Appropriations – The budget for all funds shall be controlled at the organizational level.

Staffing – The staffing guidelines of the District shall be administered by the Superintendent's Office with input from campus principals and department supervisors. Staffing guidelines shall be developed in a manner to ensure that the ratios for teachers and staff per pupil do not exceed the levels outlined in statute.

In addition to teaching units, staffing guidelines shall also provide guidance for appropriate levels of staffing in the administrative, counseling, nursing, art, music, physical education, and educational and clerical support at each campus. Staffing allocations shall be distributed based upon the total student population and with additional consideration for special education, bilingual and at-risk student programming.

Course schedules shall be carefully reviewed at the secondary level to ensure that instructional units are used in the most cost effective manner possible. Based upon sufficient revenues, additional staff members may be allocated to campuses based upon input from the Superintendent to balance class loads or address the unique needs of a particular campus.

Major Maintenance Repair and Replacement – Ongoing maintenance and repair costs are included within the departmental operating budgets. These costs are generally considered systematic repairs and are not capitalized for accounting purposes. They include such items such as athletic equipment, musical instruments and routine HVAC maintenance and repair. Annually, the District will review projects to be completed in the summer and to plan for equipment obsolesces.

Capital Projects – The District’s goal is to maintain its facilities and infrastructure in order to provide exemplary educational services for its students, meet the needs of a growing community, and to comply with all local, state, and federal regulations.

The District shall maintain a listing of the capital needs which have been identified by the maintenance and construction staff, building administrator, site-based committee or community group. This list shall be reviewed periodically and an estimated cost shall be developed for each identified project. Projects shall be ranked in order of importance based upon a scale of one to four. Ranking is determined by the facilities staff. Critical needs are ranked highest and are identified as those items that improve the safety and security of students. Other major maintenance items, such as HVAC replacement, are ranked based upon the estimated useful life remaining of the asset and other factors including aesthetic enhancements such as the replacement of worn tile flooring.

Technology – It is the practice of the District to plan and fund the maintenance and replacement of its computer network and other technology systems through capital funding and through available grant projects.

V. BUDGET CONTINGENCY PLAN

This strategy is designed to establish general guidelines for managing revenue shortfalls resulting from local and state economic downturns that may adversely affect the District’s revenue stream.

Once a budgetary shortfall is projected, the Superintendent will take the necessary actions to offset any revenue shortfalls with a reduction in current expenses including the following:

- ❖ Freeze all new hire and vacant positions except those deemed to be a necessity to the instructional process or the safety of students;
- ❖ Review all planned capital expenditures;
- ❖ Curtail after hours facility usage;
- ❖ Forego extracurricular field trips;
- ❖ Delay all non-essential spending or equipment replacement purchases.

If the above actions are insufficient to offset the revenue deficit and the shortfall continues to increase, the Superintendent will further reduce operating expenses to balance the variance.

VI. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

Accounting – The District is solely responsible for the recording and reporting of its financial affairs, both internally and externally. The Business Manager is responsible for establishing the structure for the District’s Chart of Accounts and for ensuring that procedures are in place to properly record financial transactions and report the District’s financial position.

Audit of Accounts – In accordance with Texas Education Code 44.008, the Board of Trustees shall cause the District’s accounts to be audited at the close of each fiscal year, currently August 31st, by an auditor holding a valid permit from the Texas State Board of Public Accountancy.

The auditor shall perform the audit in accordance with generally accepted governmental auditing standards published by the United States General Accounting Office, commonly referred to as the Yellow Book. The financial statements shall be prepared on a government-wide basis and shall be in conformity with all pronouncements of the Governmental Accounting Standards Board (GASB).

External Reporting - The audit shall be accepted and completed within 150 days of year end and filed with the Texas Education Agency (TEA). In addition, certain schedules required by the TEA to be completed electronically shall be submitted no later than this date.

No later than January 28th of each year and in accordance with the TEA published guidelines, the audit shall be transmitted electronically into the Public Education Information Management System (PEIMS).

VII. ASSET MANAGEMENT

Fixed Assets— These assets will be reasonably safeguarded, properly accounted for, and prudently insured. For purposes of budgeting and accounting classification, the following criteria must be met in order for an item to be capitalized:

1. The expected useful life of the asset must be longer than one year, or extend the life of an identified existing asset by more than one year
2. The original cost of the asset must be at least \$5,000
3. The asset must be tangible

On-going repairs and general maintenance are not capitalized. In the event that improvements are made to an asset that extends its original life or makes the asset more valuable, the cost will be capitalized. The replacement of asset components will normally be expensed unless they are of a significant nature and meet all of the capitalization criteria.

The Purchasing Department will maintain the permanent records of the District's fixed asset inventory including description, cost, department of responsibility, date of acquisition, depreciation, and expected useful life. Responsibility for safeguarding the District's fixed assets lies with the department or campus supervisor whose department has been assigned the asset.

VIII. DEBT MANAGEMENT

The use of debt financing to meet the continued student population growth must be evaluated according to projected student growth by area, long-term facility efficiency, facility equity across the District, and limitations on total debt imposed by Texas Education Code Section 45.0031. The District realizes that failure to meet the demands of student growth may inhibit its continued educational success, but also realizes that failure to manage outstanding debt and repayment schedules may have long-term detrimental effects on the District's financial condition.

The District may issue long-term debt in accordance with Texas Education Code Section 45.001 for the following:

1. The construction, acquisition, and equipment of school buildings in the District.
2. The acquisition of property or refinancing of property financed under a contract entered under Subchapter A, Chapter 271, Local Government Code.
3. The purchase of the necessary sites for school buildings.
4. The purchase of new school buses.

The District will ensure that the debt is soundly financed by conservatively projecting growth in taxable valuations and anticipated interest rates. The District will not finance improvements or purchases over a period greater than its estimated useful life and will determine that the cost benefit of the facilities, renovations, and equipment supported by the debt will have a positive impact on the District's student population and community.

The District shall, when planning for the issuance of new debt, consider the impact of such new debt on overlapping debt and the financing plans of local, state, and other governments that overlap the District. The District shall assess financial alternatives to include new and innovative financing approaches, including whenever feasible categorical grants, or other types of aid to minimize voter approved debt.

Use of Reserve Funds – The District may authorize the use of reserve funds to potentially delay or eliminate a proposed project from a future bond issue. This may occur due to higher than anticipated fund balances in prior years, thus eliminating or reducing the need for debt proceeds or when the timing of the related capital improvement does not correspond with a planned bond issue. Funds used in such manner should be used judiciously and with extreme care after careful analysis of the effect on the future funding needs of the District.

Impact on Operating Budget – When considering any debt issuance, the potential impact of debt service and additional operating costs induced by new projects on the operating budget of the District, both short and long-term will be evaluated.

IX. TREATMENT OF FEDERAL FUNDS

Funds – San Saba ISD participates in a wide variety of Federal Funding Opportunities. Title I and Title II are the primary funds of participation. Expenditures for these funds are determined by the comprehensive needs assessment and are promoted in the Campus and District Improvement Plans. San Saba ISD is a school-wide Title I campus; therefore, Title I and State Compensatory Education funds work in tandem to upgrade the entire academic program at San Saba ISD. Federal funds are accounted for by fund and are allocated at the campus and the district level. The federal programs director initiates the expenditure of Title I and Title II funds. The requisition is coded with a document signifying the expenditure is documented in the District or Campus Plan. Money is claimed via the business office on a monthly basis. The program oversight is with the Federal Program Director as the authority of the appropriateness of the expenditure. No encumbrance is requested only actual expenditures.

The CNA, campus and district plans reflect the ten components of a school-wide plan:
Title I Components for Schoolwide Plans

1. Comprehensive Needs Assessment of the entire school (including Migrant children)
2. Reform strategies that address the needs of all children in the school, but particularly the needs of low-achieving children and those at risk of not meeting the State student academic achievement standards who are members of target populations of any program that is included in the schoolwide program and that use effective methods and instructional strategies based on scientifically based research.
3. Instruction by highly qualified teachers (*Show appropriate staff development, and strategies for staff recruitment and retention to meet the needs of students at-risk*)
4. High quality and ongoing professional development for teachers, principals, paraprofessionals and others to enable all children in the school to meet the State's academic standards
5. Strategies to attract high-quality highly qualified teachers to high-need schools
6. Strategies to increase parental involvement
7. Plans for assisting preschool children in the transition from early childhood programs, such as Head Start and Even Start, to local elementary school programs.
8. Measures to include teachers in the decisions regarding the use of assessments in order to provide information on, and to improve, the achievement of students and the overall program. (*Teacher disaggregation and analysis of state data; teacher classroom assessment of students*)
9. Activities to ensure that students who experience difficulty mastering any of the State's standards during the school year will be provided with effective, timely additional assistance.
10. Coordination and integration of Federal, State, and local services and programs, such as violence prevention programs, nutrition programs, housing programs, Head Start, adult education, vocational and technical education, and job training.

X. Requisition System Process

The following steps are outlined for staff to submit requisition for processing into a purchase order:

1. Teacher/originator completes a requisition form and submits to the principal/director/supvior.
2. The principal/director/supervisor reviews the requisition and codes the order with the correct budget account after checking account balances. The principal/director forwards the requisition to the campus/organization secretary for data input in the computer requisition system.
3. The superintendent will approve requisitions that will become a district purchase order and will be returned to campus/organization for mailing or faxing – **NO ORDERS WILL BE CALLED IN.** Remember that just submitting a requisition does not make a purchase order and SSISD require that all purchases be made with an approved/authorized purchase order.
4. Vendor ships the merchandise to the Central Office location. Central Office will have the package delivered to the campus.
5. Merchandise invoices are requested to be sent directly to the business office. The business office sends the original invoice to the campus. The campus/director will submit the original purchase order with the invoice to the central office for payment.
6. Bill is paid in the accounts payable payment cycle one time a month.

SSISD Travel, Advance and Reimbursement Procedures

1. San Saba ISD employees traveling on school business must submit a requisition for reimbursement to occur. All travel must be approved through the superintendent, campus principal or director of a program. Reservations for hotels are made through the central office with Jackie Dyer.
2. San Saba ISD's mileage rate for using one's personal vehicle is \$.50 per mile and a "Google map" must accompany this request for reimbursement. As well, a transportation request signed by the campus principal and the superintendent must also be filed before this type of travel is approved.
3. Lodging and registration must include itemized invoices.
4. Miscellaneous items such as amusement, alcoholic beverages, laundry service, or personal telephone calls are not reimbursable.
5. All out of district travel – daily or overnight – requires prior approval. When budget money is depleted travel can not be paid.

Meal per Diem of \$30 per day (breakfast \$6, lunch \$10, dinner \$15) applies only to overnight trips, not day trips.

Students receive \$6.00 per meal.

Staff meals are paid when staff is out of the district supervising students, attending professional development other than a day trip to the ESC XV for the day. However, approval for meals must be approved by the principal, director, or superintendent.

Documents:

SAN SABA INDEPENDENT SCHOOL DISTRICT

Leigh Ann Glaze, Superintendent of Schools

Michael Bohensky, Assistant Superintendent

808 West Wallace
San Saba, Texas 76877

Woody Martin
High School Principal

Vicki Key
Middle School Principal

Kay Shackelford
Elementary School Principal

Telephone 325-372-3771---Fax 325-372-5977

Date: August 30, 2010

To: Principals, Athletic Director and High School Coaches, Band Director, UIL Sponsors, High School Cheerleader Sponsor, all other sponsors of extra-curricular events and staff.

From: Leigh Ann Glaze

Subject: SSISD Extra-Curricular Guidance for 2010 - 2011

I have been working on the 2010 - 2011 budgets. The target price for meals will be \$6.00 per head. This amount includes the drinks, but does not include the tips or service charge (if any).

To be fair and consistent from activity to activity, all sponsors must stay within this target price. This means that you will need to plan ahead and make arrangements (for a special deal) if you are going to feed your students at a restaurant like Beef Master, Ci Ci's, etc. . You can't order anything off the menu, plus the drink, for less than \$6.00 at most restaurants. If your students want to eat at a "more expensive" restaurant, then they will have to pay the difference, and you will need to tell the students and make the arrangements with the waiter.

I suggest that you consider eating at places like Dairy Queen, Sonic, Pizza Hut, or other fast food places.

If your students are charging at the concession stand (like at a basketball game) this same amount still applies. Coaches must make sure that the students know the amount that can be charged at the concession stand.

The \$6.00 target price applies through all levels of competition. When your students advance past district, we will reevaluate the costs of travel depending on the direction your competition takes you.

Guidelines for Requesting Meal Money:

First Option – Preferred option - request ahead of time and take a check with you.

1. See if the restaurant will give you a special deal for a group.
2. Take a signed check or purchase order, if required by the restaurant. Definitely, take a Sales Tax Exemption Certificate.
3. Make sure that you bring a receipt back to Jackie Dyer.
4. If taking a signed PO Include the restaurant name/school name and a mailing address. A contact person and phone number is helpful.
5. Attach the bill to the PO, or have the restaurant/school send the bill to Jackie Dyer.
6. Do these things in a timely fashion so that we pay our bills promptly.

Second Option – make arrangement to charge at the restaurant or concession stands

1. See if the restaurant will make a special deal with you
2. Take a tax exempt form with you
3. Provide the restaurant with your card or with your name and the schools address, phone number and please mail to the attention of Jackie Dyer.
4. Bring a receipt to Jackie Dyer so she will expect this expenditure

If you have a team, group, competition that you believe will exceed your budgeted travel budget, please me as soon as possible.

THANKS for the help in keeping our budget in line. We need to demonstrate that we are fiscally responsible and that we take care of our students in regard to meals! Plan carefully and please do not fail to communicate your needs. A ***question and an answer you my not like*** is better than an ***assumption***.

Leigh Ann

Document:

SAN SABA ISD EXTRA-CURRICULAR MEALS FOR 2010 - 2011

Please use this form when requesting payments for extra-curricular meals. We need to know the number of meals the District is paying for, who we are feeding, and the cost per meal. You should be able to use the following formula:

Extra-curricular Event _____ Date _____

_____ Number of Team Members

+ _____ Number of Managers (if appropriate)

+ _____ Number of Coaches/Sponsors (actually working the event)

+ _____ Bus Driver (if one is on the trip)

+ _____ Number of Chaperons for the trip (if appropriate)

= _____ Number of Meals Provided

Total cost of meals _____ / _____ # of meals = \$ _____ per meal.

Service Charge or Tip (if any)----- \$ _____

We should not be feeding anyone else. We should use this formula whether the event is Pre-District, District, or Post-District. The target price for meals is \$6.00 per head through for all events.

Name of Budget Code _____

Complete Budget Number 199 - _____

Signature of Coach/AD _____ Date _____

Signature of Sponsor/Principal _____ Date _____